



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

City Of Anaheim, California  
Year Ended June 30, 2011

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

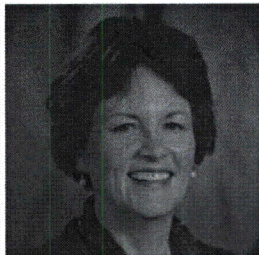


**CITY OF ANAHEIM**  
CALIFORNIA  
YEAR ENDED JUNE 30, 2011

PREPARED BY DEPARTMENT OF FINANCE



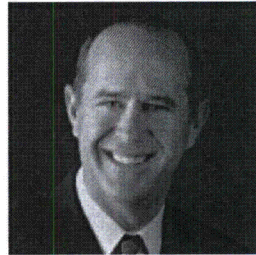
## CITY OF ANAHEIM CITY COUNCIL



GAIL EASTMAN  
COUNCIL MEMBER



HARRY S. SIDHU, P.E.  
MAYOR PRO TEM



TOM TAIT  
MAYOR



LORRI GALLOWAY  
COUNCIL MEMBER



KRIS MURRAY  
COUNCIL MEMBER

# INTRODUCTORY SECTION



# Comprehensive Annual Financial Report

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## City of Anaheim, California Finance Department

December 14, 2011

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

In accordance with the Charter of the City of Anaheim (City), we are submitting the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial activities have been included.

The CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes the table of contents, this transmittal letter, certificate of achievement, the City's organization chart, and a list of administrative personnel. The Financial Section includes the report of the independent auditors, Management's Discussion and Analysis (MD&A), the basic financial statements including the government-wide financial statements comprised of the Statement of Net Assets and the Statement of Activities, and the accompanying notes to the financial statements. The Financial Section also contains the fund financial statements including the governmental funds financial statements, the proprietary funds financial statements and the fiduciary fund financial statements. This section also includes the combining individual funds financial statements for the non-major governmental funds and the internal service funds. The Statistical Section contains selected pertinent financial and demographic information, on a multi-year basis. This transmittal letter is designed to complement and should be read in conjunction with the MD&A.

In addition to the financial audit, the City is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. The information related to the Single Audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and auditors' reports on internal control and compliance, is not included with this report and is issued as a separate document.

This CAFR includes all funds of the City. The City provides a full range of services, including: police and fire protection, highways and streets, public improvements, planning and zoning, utilities (electric and water), sanitation and solid waste, stadium, convention center, golf courses, street and park maintenance, recreational and cultural programs for citizen participation, and general administrative services. In addition to general governmental activities, the City Council is financially accountable for the Anaheim Housing Authority, Anaheim Redevelopment Agency, Community Center Authority, Anaheim Public Improvement Corporation, and Anaheim Public Financing Authority; therefore, these activities are included in the reporting entity.

### ECONOMIC CONDITION AND OUTLOOK

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

Anaheim and Orange County are home to a wide spectrum of industries—more than 4,600 manufacturing plants are located in the county, most notably defense and aerospace, biomedical, electronics, machinery, and computer product manufacturers. The City has over 17,000 active business licenses, of which 15,000 are businesses operating within the City's boundaries.

As the City continues to attract population growth and economic expansion, its municipal services are constantly being improved to serve residential and business needs. This growth in City service demand presents the City with significant challenges; and if the high level of service is to be maintained, the City will need to

continue to explore new methods of obtaining financial resources and more efficient methods to deliver services. The unemployment rate in the Orange County, California area for June 2011 was 9.2%, which is the same as the national average but remained below the state (11.8%) average.

Tourism related spending provides significant discretionary revenue to the City of Anaheim, and the City closely monitors and projects trends related to this market. Revenue from tourism strengthened in fiscal year 2011, and local economic forecasts expect modest growth to continue in fiscal year 2012. The City's revenue from sales and use taxes began its recovery in fiscal year 2011 and is expected to grow modestly in fiscal year 2012.

## MAJOR INITIATIVES

City management, under the direction of the Mayor and City Council, identifies priorities that will determine the path of the City's future. Initiatives are reevaluated regularly, and new ones added, to ensure they are consistent with the priorities of our policy body and the community. Through a commitment to responsible government, superior customer service and economic growth, the City of Anaheim continues its tradition of accomplishment by investing in modern public amenities, welcoming new business development, and breaking ground on infrastructure projects that will inspire civic pride and captivate imaginations. The City's dedication to improvement and innovation has created an environment where residents and businesses are free to choose how best to enjoy all that Anaheim has to offer.

**ANAHEIM CONNECTS:** The City of Anaheim strives to make connecting to City government as easy as possible. In addition to Anaheim Anytime and the City's 3-1-1 hotline providing residents with seamless access to services at any time of day, the City recognizes that the latest trends in technology and social media are changing the way residents and businesses communicate and is adapting the way it interacts and conducts business with its customers. In our continued commitment to excellence in customer service, we have made accessing Anaheim services instantaneous through the My Anaheim smartphone application. The application can be used to find events in Anaheim or request any City service. Anaheim's efforts at outreach extend beyond event notification or the submission of service requests. In the case of an emergency, the City's Anaheim Alert emergency text messaging system will notify residents of fire evacuations, power outages, public safety information, traffic information, road closures and other time sensitive news.

Improving our community requires involvement. Personal connections make strong neighborhoods, and connections with neighbors often lead to a stronger, safer and more vibrant community. The "Hi Neighbor" program encourages Anaheim residents

to meet, know and support each other whether preparing for an emergency, addressing crime, or planning a neighborhood event, "Hi Neighbor" will strengthen the bonds of community and empower Anaheim residents to be more involved in the future of their communities by looking out for the safety and well-being of their neighbors.

**BUILDING OUR FUTURE:** Through these difficult times, the City remains committed to building our future while effectively and efficiently delivering core services. Providing residents with safe and vibrant neighborhoods is a priority, and the Police and Fire Departments continue to manage the economic environment by making prudent adjustments that make it possible to maintain service levels. The Public Utilities Department has positioned itself to maintain high levels of service to customers through critical infrastructure and new technology investments, including the Canyon Power Project, a state-of-the-art 200 megawatt power generating facility that will provide local power to Anaheim. Public Works ensures that other core infrastructure, such as streets and roads, are well maintained for safe and efficient use by the residents and businesses of Anaheim.

As the City has evolved, the diversity of assets has allowed Anaheim to become the world class destination that it is today. With targeted expansion and strategic investment, the City has successfully leveraged its resources to sustain its growth and plan for its future. Although a changing economic environment demands prudent management of the City's resources, the exploration of new opportunities for economic growth continues. The Anaheim Convention Center, the largest convention center on the west coast, will undergo an impressive expansion that will increase the public meeting space by more than 200,000 square feet. The redesigned transit plaza is substantially complete and construction of the outdoor plaza is scheduled to begin in early 2012. The City continues to develop transportation solutions for the region and will soon begin construction of the Anaheim Regional Transportation Intermodal Center (ARTIC), utilizing various federal, state and local transportation grants. This center will provide a functional link among all transit modes and act as the southern terminus of the California High Speed Rail Project.

In spite of economic challenges, the City recognizes that creating and maintaining a vibrant and livable community is a fundamental responsibility. As a result of an unprecedented Capital Improvement Program, the City has made an incredible investment in the community over the last decade. The investment in improvements from the building of new community centers to improving critical infrastructure has not only enhanced the quality of life for all residents, but has positioned the City well for the future. Understanding the importance of new opportunities for recreation, the City unveiled the Anaheim Coves project at Burris Basin, which offers residents a network of green space and trails and reestablishes the important link between



Anaheim and its namesake, the Santa Ana River. In fiscal year 2011/12, the City will open Founder's Park in the Colony District. This one-acre park will showcase some of the structures and artifacts that are part of Anaheim's beginnings, including the historic Mother Colony House, the Woelke-Stoffel House and the landmark Moreton Bay Fig Tree. In addition to new facilities, the City has dedicated resources to improving existing neighborhoods and revitalizing areas in need.

## FINANCIAL INFORMATION

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

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

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

**RELEVANT FINANCIAL POLICIES:** Over the years, through sound fiscal management, the City has positioned itself well to weather economic downturns, create a positive atmosphere for economic development, and allow flexibility in addressing budgetary challenges. As of June 30, 2011, the City's General Fund has an spendable, unrestricted fund balance of \$22.3 million, which represents 9% of total expenditures. Traditionally, the policy has been to maintain General Fund reserves at a minimum of 7 to 10% of expenditures.

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

**LONG-TERM FINANCIAL PLANNING:** On June 14, 2011, the City Council adopted the fiscal year 2012 budget. Additionally, as a companion to approving the budget plan, a five-year Capital Improvement Plan was presented to the City Council. The five-year plan links anticipated expenditures for infrastructure development with community needs and desires and provides a citywide perspective of recommended projects and proposed funding sources. The Capital Improvement Plan was finalized in June 2011, and totaled \$726.6 million for the five-year fiscal period ending June 30, 2016. The five-year Capital Improvement Plan has been submitted and annually updated, in its present form, since 1982, for effective long-range planning purposes. It is City Management's belief that these two plans give City Council members an expanded opportunity to set policy and provide direction for implementation, resulting in improved management efficiency and improved financial results.

## OTHER INFORMATION

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

**GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) CERTIFICATE OF ACHIEVEMENT AWARD:** The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California, for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the 35th consecutive year that the City has achieved this prestigious award (fiscal years ended June 30, 1976 through 2010). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

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

#### ACKNOWLEDGMENTS

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

Respectfully submitted,



Bob Wingenroth  
Acting City Manager



Deborah A. Moreno  
Acting Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Anaheim  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

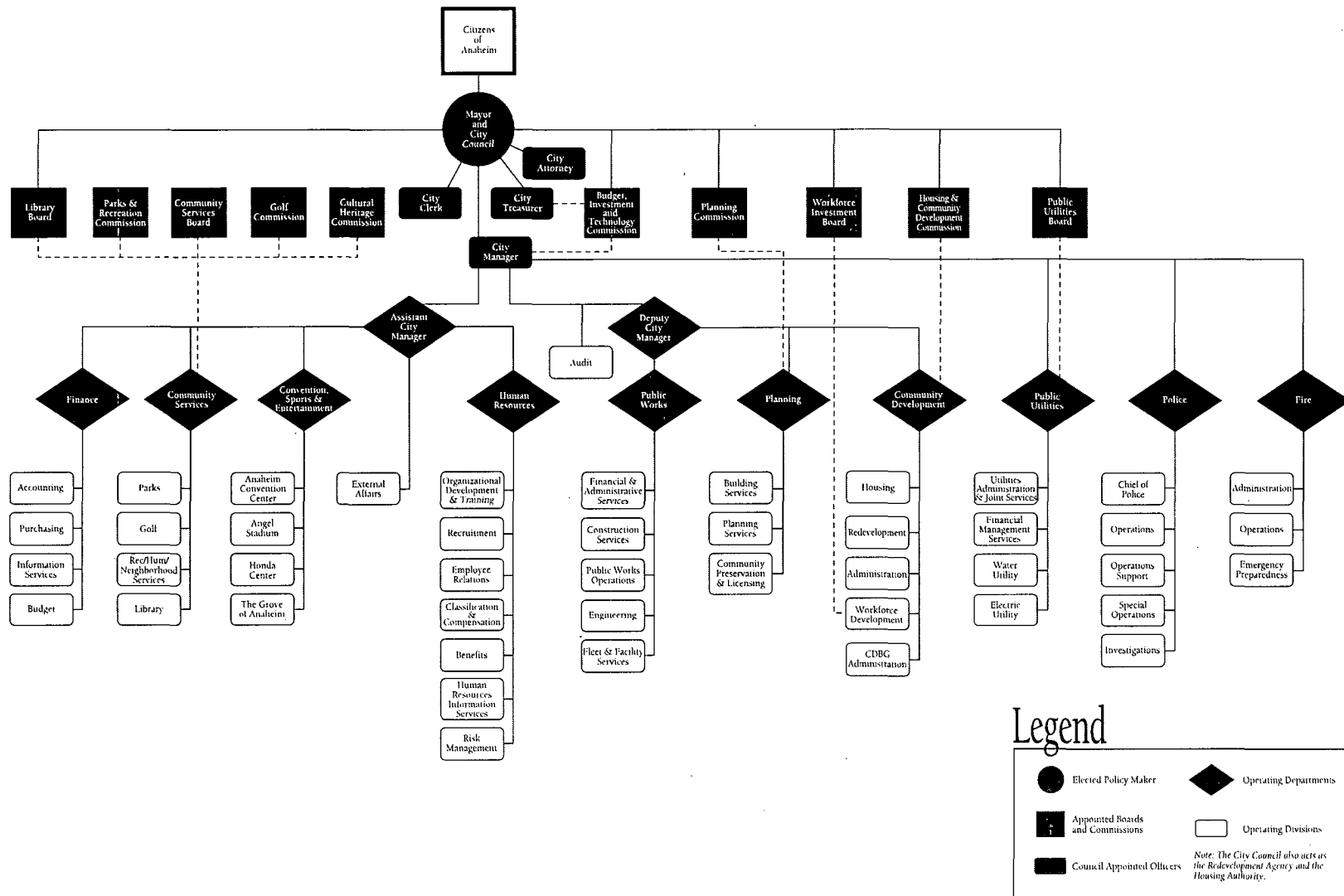
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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



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**Administrative Personnel**  
**December 14, 2011**

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|  |                            |
|--|----------------------------|
| <b>Acting City Manager</b>                                       | <b>Bob Wingenroth</b>      |
| <b>Deputy City Manager-Administration</b>                        | <b>Greg Garcia</b>         |
| <b>Chief of Police</b>   | <b>John Welter</b>         |
| <b>City Attorney</b>   | <b>Cristina L. Talley</b>  |
| <b>City Clerk</b>  | <b>Linda N. Andal</b>      |
| <b>City Treasurer</b>  | <b>Henry W. Stern</b>      |
| <b>Acting Community Development Executive Director</b>           | <b>John E. Woodhead IV</b> |
| <b>Community Services Director</b>                               | <b>Terry D. Lowe</b>       |
| <b>Convention, Sports &amp; Entertainment Executive Director</b> | <b>Thomas Morton</b>       |
| <b>Acting Finance Director</b>                                   | <b>Deborah A. Moreno</b>   |
| <b>Fire Chief</b>  | <b>Randy R. Bruegman</b>   |
| <b>Human Resources Director</b>                                  | <b>Kristine Ridge</b>      |
| <b>Planning Director</b>   | <b>Sheri Vander Dussen</b> |
| <b>Public Utilities General Manager</b>                          | <b>Marcie L. Edwards</b>   |
| <b>Public Works Director</b>                                     | <b>Natalie Meeks</b>       |

# FINANCIAL SECTION





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

## Independent Auditors' Report

The Honorable Mayor and City Council  
City of Anaheim, California:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California (the City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the General and Housing Authority Funds for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011 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* and should be considered in assessing the results of our audit.

As discussed in note 1 to the financial statements, the City adopted Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Application of this statement is effective as of July 1, 2010.

Management's Discussion and Analysis on pages 11 through 19 and the pension plan supplementary information on page 75 are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining individual fund statements and schedules, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

**KPMG LLP**

December 14, 2011





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# MANAGEMENT'S DISCUSSION AND ANALYSIS



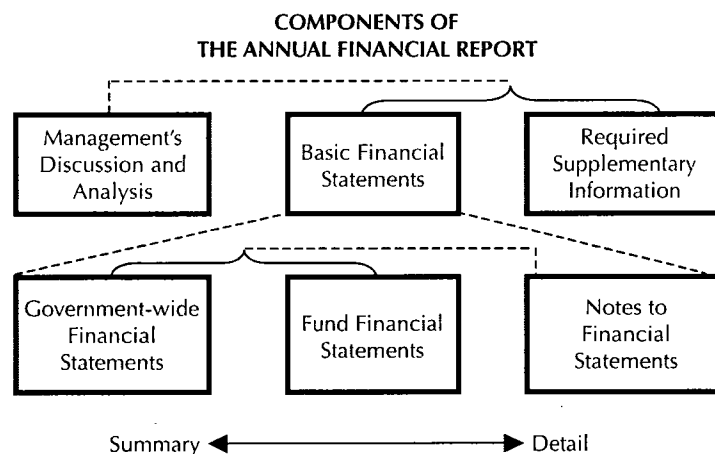
## Management's Discussion and Analysis

### (Unaudited)

As management of the City of Anaheim (City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the City's basic financial statements in the financial section of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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



**Government-wide financial statements.** The government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the City's finances utilizing the full accrual method of accounting, in a manner similar to a

private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, community development, planning, public works, community services, public utilities (street lighting), convention, sports and entertainment (Visitor and Convention Bureau and the Honda Center), and interest on related long-term debt. The business-type activities of the City include an electric and water utility, sanitation, golf courses, and convention, sports and entertainment venues (Anaheim Convention Center, Angel Stadium of Anaheim, and The Grove of Anaheim) operations.

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

The government-wide financial statements can be found on pages 21-23 of this report.

**Fund financial statements.** The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts,

established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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

The City maintains 21 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Housing Authority Special Revenue Fund, both of which are considered to be major funds. Data for the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary combining statements on pages 77-82, 88-89, and 92-93 of this report.

The City adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and the major special revenue fund (Housing Authority) are required to be presented and are included in the basic financial statements on pages 29-30 of this report. Additionally, budgetary schedules for the other governmental funds have been provided to demonstrate compliance with the budget and can be found as part of other supplementary schedules on pages 83-87, 90-91, and 94-96 of this report.

The governmental funds financial statements can be found on pages 25-28 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses its enterprise funds to account for its electric and water utility, sanitation, golf courses, and convention, sports and entertainment venues operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its general benefits and insurance, motorized equipment, information services, and municipal facilities maintenance functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary funds financial statements can be found on pages 31-35 of this report.

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

The fiduciary fund financial statements can be found on page 37-39 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-73 of this report.

**Other supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents combining individual fund statements referred to earlier in connection with nonmajor governmental funds and internal service funds. Also included are the budgetary comparison Schedules of Revenues, Expenditures and Changes in Fund Balances for all nonmajor special revenue funds, all debt service funds, and all capital projects funds. These statements and schedules can be found on pages 77-100 of this report.

**FINANCIAL HIGHLIGHTS** (Amounts in thousands)

- The City's net assets increased as a result of this year's operations. Net Assets of the City's governmental activities increased \$66,880 (8%) and business-type activities net assets increased \$13,873 (1%).
- At the end of the current fiscal year, spendable, unassigned fund balance for the General Fund was \$22,139, or 9% of the total General Fund expenditures.
- The City's total capital assets increased by \$72,307 (3%) and were approximately equal between governmental activities and business-type activities during the current fiscal year.
- The City's total long-term liabilities increased by \$136,734 (7%) during the current fiscal year.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**NET ASSETS**  
**JUNE 30, 2011 AND 2010**

|   | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Total<br>Government |                    |
|---|----------------------------|-------------------|-----------------------------|-------------------|---------------------|--------------------|
|   | 2011                       | 2010              | 2011                        | 2010              | 2011                | 2010               |
| Current and other assets                        | \$ 527,558                 | \$ 474,725        | \$ 636,071                  | \$ 552,271        | \$1,163,629         | \$1,026,996        |
| Capital assets, net                             | <u>1,358,080</u>           | <u>1,323,901</u>  | <u>1,528,979</u>            | <u>1,490,851</u>  | <u>2,887,059</u>    | <u>2,814,752</u>   |
| Total assets                                    | <u>1,885,638</u>           | <u>1,798,626</u>  | <u>2,165,050</u>            | <u>2,043,122</u>  | <u>4,050,688</u>    | <u>3,841,748</u>   |
| Other liabilities                               | 67,465                     | 58,715            | 104,255                     | 121,552           | 171,720             | 180,267            |
| Long-term liabilities                           | <u>926,247</u>             | <u>914,865</u>    | <u>1,104,549</u>            | <u>979,197</u>    | <u>2,030,796</u>    | <u>1,894,062</u>   |
| Total liabilities                               | <u>993,712</u>             | <u>973,580</u>    | <u>1,208,804</u>            | <u>1,100,749</u>  | <u>2,202,516</u>    | <u>2,074,329</u>   |
| Net assets:                                     |                            |                   |                             |                   |                     |                    |
| Invested in capital assets, net of related debt | 834,337                    | 795,579           | 786,175                     | 762,236           | 1,620,512           | 1,557,815          |
| Restricted                                      | 182,011                    | 150,750           | 54,626                      | 49,325            | 236,637             | 200,075            |
| Unrestricted (deficit)                          | <u>(124,422)</u>           | <u>(121,283)</u>  | <u>115,445</u>              | <u>130,812</u>    | <u>(8,977)</u>      | <u>9,529</u>       |
| Total net assets                                | <u>\$ 891,926</u>          | <u>\$ 825,046</u> | <u>\$ 956,246</u>           | <u>\$ 942,373</u> | <u>\$1,848,172</u>  | <u>\$1,767,419</u> |

By far the largest portion of the City's net assets (88%) reflects its investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, and infrastructure), net of any related outstanding debt, used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

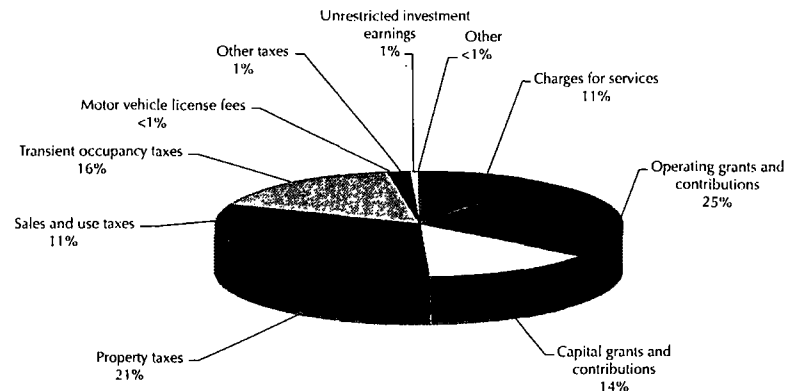
An additional portion of the City's net assets (12%) represents resources that are subject to external restriction on how they may be used. The unrestricted net assets deficit of \$8,977 consists of business-type net assets of \$115,445, which partially

offsets the governmental activities unrestricted net deficit of \$124,422. The Anaheim Redevelopment Agency (Redevelopment Agency), a blended component unit of the City, represents \$144,283 of the deficit in unrestricted net assets. The Redevelopment Agency was established for the purpose of promoting economic revitalization and eliminating blight within the designated project area of the City. Often these activities do not result in residual assets, but rather underwrite the cost of a development activity deemed beneficial in meeting the Redevelopment Agency's objectives. The resulting Statement of Net Assets reflects the debt obligation to be repaid through future tax revenues, without an offsetting asset. While this is a routine function of such an entity, when blended with the City, its deficit of unrestricted net assets causes the governmental activities to report a consolidated deficit position.

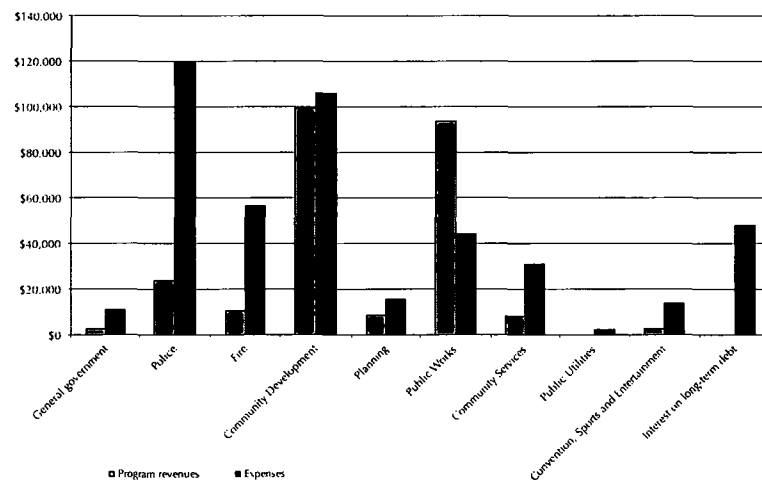
**CHANGE IN NET ASSETS  
YEAR ENDED JUNE 30, 2011 AND 2010**

|   | Governmental<br>Activities |                  | Business-type<br>Activities |                  | Total<br>Government |                    |
|---|----------------------------|------------------|-----------------------------|------------------|---------------------|--------------------|
|   | 2011                       | 2010             | 2011                        | 2010             | 2011                | 2010               |
| <b>REVENUES</b>   |                            |                  |                             |                  |                     |                    |
| Program revenues:                                       |                            |                  |                             |                  |                     |                    |
| Charges for services                                    | \$ 54,448                  | \$ 47,345        | \$526,145                   | \$525,743        | \$ 580,593          | \$ 573,088         |
| Operating grants and contributions                      | 124,358                    | 120,900          | 746                         | 1,990            | 125,104             | 122,890            |
| Capital grants and contributions                        | 70,080                     | 31,828           | 12,667                      | 5,622            | 82,747              | 37,450             |
| General revenues:                                       |                            |                  |                             |                  |                     |                    |
| Taxes:  |                            |                  |                             |                  |                     |                    |
| Property taxes  | 106,093                    | 107,420          |                             |                  | 106,093             | 107,420            |
| Sales and use taxes                                     | 54,711                     | 52,045           |                             |                  | 54,711              | 52,045             |
| Transient occupancy taxes                               | 82,605                     | 77,139           |                             |                  | 82,605              | 77,139             |
| Motor vehicle license fees                              | 1,783                      | 1,026            |                             |                  | 1,783               | 1,026              |
| Other taxes   | 7,288                      | 7,288            |                             |                  | 7,288               | 7,288              |
| Unrestricted investment earnings                        | 3,667                      | 7,012            | 9,617                       | 15,825           | 13,284              | 22,837             |
| Other   | 614                        | 1,175            |                             |                  | 614                 | 1,175              |
| Total revenues  | <u>505,647</u>             | <u>453,178</u>   | <u>549,175</u>              | <u>549,180</u>   | <u>1,054,822</u>    | <u>1,002,358</u>   |
| <b>EXPENSES</b>   |                            |                  |                             |                  |                     |                    |
| Program activities:                                     |                            |                  |                             |                  |                     |                    |
| Governmental activities:                                |                            |                  |                             |                  |                     |                    |
| General government                                      | 10,911                     | 10,917           |                             |                  | 10,911              | 10,917             |
| Police  | 119,504                    | 125,121          |                             |                  | 119,504             | 125,121            |
| Fire  | 56,393                     | 58,229           |                             |                  | 56,393              | 58,229             |
| Community Development                                   | 105,937                    | 117,621          |                             |                  | 105,937             | 117,621            |
| Planning  | 15,627                     | 16,822           |                             |                  | 15,627              | 16,822             |
| Public Works  | 44,109                     | 39,017           |                             |                  | 44,109              | 39,017             |
| Community Services                                      | 30,958                     | 35,372           |                             |                  | 30,958              | 35,372             |
| Public Utilities  | 2,218                      | 1,952            |                             |                  | 2,218               | 1,952              |
| Convention, Sports and Entertainment                    | 13,633                     | 9,931            |                             |                  | 13,633              | 9,931              |
| Interest on long-term debt                              | 48,014                     | 47,694           |                             |                  | 48,014              | 47,694             |
| Business-type activities:                               |                            |                  |                             |                  |                     |                    |
| Electric Utility  |                            |                  | 371,689                     | 375,491          | 371,689             | 375,491            |
| Water Utility   |                            |                  | 56,249                      | 55,514           | 56,249              | 55,514             |
| Sanitation  |                            |                  | 49,864                      | 50,540           | 49,864              | 50,540             |
| Golf Courses  |                            |                  | 4,256                       | 4,436            | 4,256               | 4,436              |
| Convention, Sports and Entertainment Venues             |                            |                  | 44,707                      | 46,143           | 44,707              | 46,143             |
| Total expenses  | <u>447,304</u>             | <u>462,676</u>   | <u>526,765</u>              | <u>532,124</u>   | <u>974,069</u>      | <u>994,800</u>     |
| Excess (deficiency) before transfers                    | 58,343                     | (9,498)          | 22,410                      | 17,056           | 80,753              | 7,558              |
| Transfers in (out)                                      | 8,537                      | 19,602           | (8,537)                     | (19,602)         |                     |                    |
| Increase (decrease) in net assets                       | 66,880                     | 10,104           | 13,873                      | (2,546)          | 80,753              | 7,558              |
| Net assets at beginning of year, as previously reported | 825,046                    | 814,942          | 942,373                     | 944,919          | 1,767,419           | 1,759,861          |
| Net assets at end of year                               | <u>\$891,926</u>           | <u>\$825,046</u> | <u>\$956,246</u>            | <u>\$942,373</u> | <u>\$1,848,172</u>  | <u>\$1,767,419</u> |

### REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



### EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



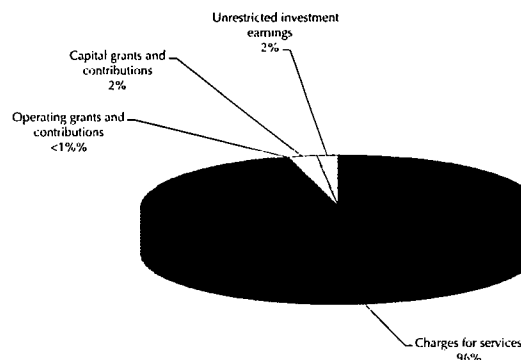
**Governmental activities.** The most significant revenues of the governmental activities are general taxes (49%), which include property taxes (21%), sales and use taxes (11%), transient occupancy taxes (16%), other taxes (1%), and motor vehicle license fees (VLF) (less than 1%). Program revenues are 50% of the total revenues of the governmental activities, which include charges for services (11%), operating grants and contributions (25%), and capital grants and contributions (14%).

Public safety (police and fire) expenses are the most significant (39%) of all governmental activities expenses, followed by community development (24%), interest on long-term debt (11%), public works (10%), Community Services (7%) and various other programs (9%). Included in these amounts is depreciation expense, which is 6% of the total expenses for governmental activities.

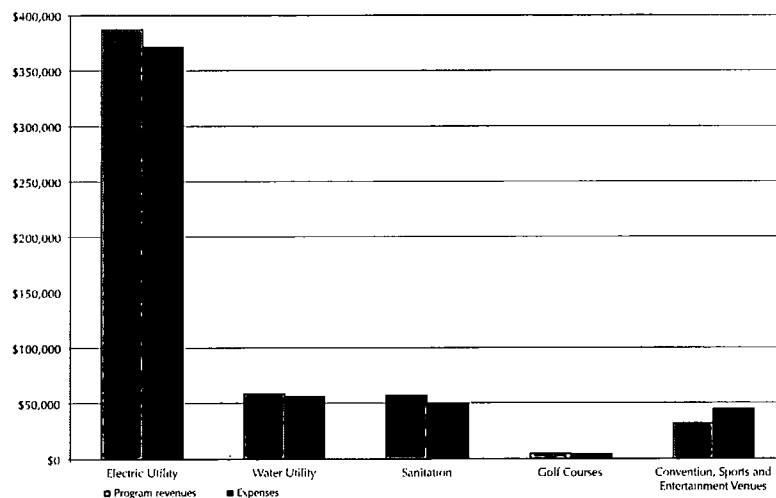
Governmental activities revenues increased \$52,469 (12%) in the current fiscal year. Taxes increased \$7,562 (3%) of which transient occupancy tax (TOT) increased \$5,466 (7%) due to higher hotel occupancy and increased room rates in an improving tourism and leisure industry; sales and use tax increased by \$2,666 (7%) as a result of higher gas prices, increased new car sales and general improvement across most business sectors. Charges for services increased \$7,103 (15%) primarily due to special assessments generated from the new Anaheim Tourism Improvement District of \$5,539. Operating grants increased by \$3,458 (3%) mainly due to an increase in Urban Area Security Initiative (UASI) grant reimbursement. Capital grants and contributions increased by \$38,252 (120%) primarily due to one-time developer contributions of \$41,007 for the Platinum Triangle infrastructure developments. These revenue increases are partially offset by a decrease in unrestricted interest earnings of \$3,345 (48%) due to lower unrealized investment gain in the current fiscal year.

Governmental activities net transfers in decreased \$11,065 (56%) primarily due to one-time transfers out of capital assets funded by grants and developer fees in the amount of \$8,414 from the governmental activities to the business-type activities and partially offset by a one-time reduction of \$6,000 to the Convention, Sports and Entertainment Venues in the prior fiscal year. Additional information regarding transfers can be found in note 3 of the notes to the financial statements on page 52-53 of this report.

### REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES



### EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES



Governmental activities expenses decreased \$15,372 (3%) in the current fiscal year. The decrease in expenses were primarily due to decreases from Community Development of \$11,684 (10%), Public Safety of \$7,453 (7%), Community Services of \$4,414 (12%), partially offset by increases from Public Works of \$5,092 (13%) and Convention, Sports and Entertainment Venues of \$3,702 (37%).

- The decrease in Community Development expenses was mainly due to the reduced Supplemental Education Revenue Augmentation Fund (SERAF) payments to the State of California of \$12,619. In fiscal year 2011, the Anaheim Redevelopment Agency was required to contribute \$3,272 compared to the \$15,891 payment required in the prior fiscal year.
- The decreases in Public Safety and Community Services expenses were primarily due to managed savings due to resource constraints from the continued effects of the economic downturn.
- The increase in Public Works expenses was mainly the result of the deferral of certain street maintenance projects in the prior fiscal year due to the uncertainty of gas tax allocations from the State of California.
- The increase in Convention, Sports and Entertainment expenses is primarily due to one-time funding of \$2,250 to the Anaheim/Orange County Visitor and Convention Bureau for an opportunity fund to attract and retain business at the Anaheim Convention Center. This funding became available with the formation of the Anaheim Tourism Improvement District (ATID) and the associated special assessments that were approved by the local hotel community to enhance tourism and increase hotel stays.

**Business-type activities.** Business-type activities increased the City's net assets by \$13,873. Key elements of this change are as follows:

Charges for services of \$526,145 increased \$402 (less than 1%). The increase in charges for services was primarily due to an increase from the Electric Utility of \$4,109 (1%) partially offset by a decrease from Convention, Sports and Entertainment Venues of \$2,816 (9%).

- The increase in the Electric Utility charges for services is partly due to increased retail sales revenue of \$17,555 (6%). In response to sustained increased power costs, the City Council increased electric billing base rates by 5%. Additionally, surplus natural gas sales increased \$6,600 (264%) mainly due to unplanned outages at the Magnolia and Combustion Turbine plants, less purchases gas was used for both plants in this fiscal year. Transmission revenues increased \$2,058 (9%) mainly due to the increased statewide transmission demand and rates set by the California Independent System Operator (CAISO). The increase in the Electric



Utility charges for services is partially offset by decreases in wholesale sales revenues \$14,370 (41%) caused by the wholesale volume decline of 32% and wholesale average price drop of 12% in the market; additionally, the Rate Stabilization Account (RSA) revenues that are recognized to meet debt service coverage ratios to maintain bond ratings decreased by \$8,700 (28%) with the increases in retail and surplus natural gas sales. Additional information on the RSA can be found in the Regulatory Credits section of note 1 of the notes to the financial statements, on pages 46 of this report.

- The decrease in Convention, Sports and Entertainment Venues charges for services is primarily due to the continued impacts of the economic downturn that have resulted in decreased facilities rental of \$1,989 (8%), from a decrease in the number of larger convention and trade shows and reduced space utilization. This decrease also impacted food and beverage revenues, resulting in a decrease in concession fees of \$943 (16%).

Transfers out of \$8,537 decreased by \$11,065 (56%) as discussed in the government-wide financial analysis of governmental activities.

Total expenses of \$526,765 decreased \$5,359 (1%). The decrease is primarily due to decreases of \$3,802 (1%) in Electric Utilities and \$1,436 (3%) in the Convention, Sports and Entertainment Venues.

- The decrease in the Electric Utility expenses is partly attributable to the decrease in fuel and generation expenses of \$5,060 (19%) due to decreases of \$3,354 in decommissioning expenses for San Onofre Nuclear Generating Station (SONGS) operations and \$1,957 in operation and maintenance expenses for the Combustion Turbine. The decrease in decommissioning expenses is due to less interest income available that is required to be contributed to the decommissioning reserve fund in a trust account. The decrease in operation and maintenance expenses for the Combustion Turbine plant is due to less natural gas expenses as a result of the unplanned outage in this fiscal year. This decrease is partially offset by an increase in purchased power costs of \$3,313 (1%), primarily due to purchased power from the renewal market, as the City Council has committed to increase the amount of renewable energy in the resource mix to 20% by 2015.
- The decrease in the Convention, Sports and Entertainment Venues expenses is mainly attributable to managed savings and reduced demand for services caused by the decreased numbers of conventions and trade shows.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported total ending fund balances of \$260,003, an increase of \$32,754 in comparison with the prior fiscal year. The increase was primarily due to unspent developer contributions (\$33,032) for the Platinum Triangle infrastructure developments. Of the total fund balance of \$260,003, restricted fund balance totaled \$234,544 and indicates the use of resources are constrained by external parties, resource providers, constitutions or enabling legislations. Fund balance of \$145,990 was restricted for capital projects, \$67,363 was restricted for debt service, and \$21,191 was restricted for various grant programs. Assigned fund balance totaled \$33,314, of which \$15,490 was assigned to debt service, \$17,243 was assigned to capital and housing projects, and \$581 was assigned for other purposes. Nonspendable fund balance of \$4,299 represents financial resources that are not anticipated to be liquidated in the near-term. The remaining fund balance deficit of \$12,154 is unassigned and includes the unassigned fund balance of the General Fund of \$22,193 and the unassigned fund balance deficit of the nonmajor governmental funds of \$34,293. The unassigned fund balance deficit of the nonmajor governmental funds will be eliminated in future years by the receipt of various grant revenues.

General Fund revenues were \$12,896 (6%) greater than the prior fiscal year primarily due to an increase in taxes of \$11,815 (6%). Due to an improvement in the overall economy, sales and use taxes increased \$6,824 (14%) and transient occupancy taxes increased \$5,466 (7%). Additionally, intergovernmental revenues increased by \$1,179 (30%), primarily due to one-time revenues. General Fund expenditures decreased \$4,523 (2%) due to managed savings.

The Housing Authority Fund revenues increased by \$518 (1%). There were no significant or unusual changes in revenue. Housing Authority expenditures increased by \$2,366 (3%). *This increase in expenditures is primarily due to increased U.S. Housing and Urban Development (HUD) Section 8 rental assistance of \$1,600 in order to match rental subsidies to available funding from HUD, which resulted in an average of 65 more families assisted per month, and increased capital outlay for land acquisitions of \$1,131 for the development of the Avon Dakota neighborhood revitalization project.*

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

The Electric Utility's fund net assets increased \$8,147 (3%) in the current fiscal year. The most significant factors of the change in fund net assets are discussed in the government-wide financial analysis of business-type activities.

The Water Utility's fund net assets decreased \$690 (less than 1%) in the current fiscal year. There were no significant or unusual changes.

Sanitation's fund net assets increased \$8,156 (8%) in the current fiscal year. There were no significant or unusual changes.

The Golf Courses' fund net assets decreased \$181 (3%) in the fiscal current year. There were no significant or unusual changes.

The Convention, Sports and Entertainment Venues fund net assets decreased \$2,164 (less than 1%) in the current fiscal year. The prolonged economic downturn has continued to result in a decrease of fund net assets, as previously discussed in the government-wide financial analysis of business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year the original budget was amended to increase appropriations by \$505 (less than 1%). The increase in appropriations was primarily the result of the carryover of prior year appropriations amounting to \$276. These and other minor amendments were approved during the year and were to be funded primarily from fund balance.

General Fund revenues of \$245,328 were greater than budgeted revenues of \$238,446 by \$6,882 (3%), primarily due to stronger than anticipated performance of sales and use taxes and transient occupancy taxes.

General Fund expenditures were less than budgeted. Of the total appropriations of \$250,173, approximately 4%, or \$8,934, went unspent. Expenditure reductions were managed to reduce the reliance on reserves, while working toward a structurally balanced budget where ongoing revenues are sufficient to cover ongoing expenditures. There were no unusual variances.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### CAPITAL ASSETS (net of accumulated depreciation) JUNE 30, 2011 AND 2010

|  | Governmental<br>Activities |                    | Business-type<br>Activities |                    | Total<br>Government |                    |
|--|----------------------------|--------------------|-----------------------------|--------------------|---------------------|--------------------|
|  | 2011                       | 2010               | 2011                        | 2010               | 2011                | 2010               |
| Land                                   | \$ 616,994                 | \$ 606,985         | \$ 58,369                   | \$ 58,369          | \$ 675,363          | \$ 665,354         |
| Construction in Progress               | 80,054                     | 55,550             | 58,560                      | 81,286             | 138,614             | 136,836            |
| Buildings, structures and improvements | 203,740                    | 206,633            | 385,574                     | 387,165            | 589,314             | 593,798            |
| Utility plant                          |                            |                    | 1,013,805                   | 952,003            | 1,013,805           | 952,003            |
| Machinery and equipment                | 33,087                     | 35,891             | 12,671                      | 12,028             | 45,758              | 47,919             |
| Infrastructure                         | 424,205                    | 418,842            |                             |                    | 424,205             | 418,842            |
| Total                                  | <u>\$1,358,080</u>         | <u>\$1,323,901</u> | <u>\$1,528,979</u>          | <u>\$1,490,851</u> | <u>\$2,887,059</u>  | <u>\$2,814,752</u> |

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities at June 30, 2011 amounted to \$2,887,059 (net of accumulated depreciation). This investment in capital assets included land, construction in progress, buildings, structures and improvements, utility plant, machinery and equipment, and infrastructure. The total increase over the prior fiscal year was 3%, of which governmental activities increased 3% and business-type activities increased 3%. The increase in governmental activities is primarily due to the addition of renovations of the Central Library, the historic Packing House, developments in Colony Park, Mother Colony Park, the Anaheim Coves recreation area at Burris Basin, the Anaheim Regional Transportation Intermodal Center (ARTIC), the Anaheim Fixed Guideway project, public infrastructure, and right-of-way acquisitions for street-widening projects. The increase in business-type activities is

primarily due to an increase in the Electric Utility of \$24,687 (3%), which includes the expansion or improvement of existing substations, transmission and distribution systems, and the replacement of aging overhead electrical lines with underground facilities and upgrading equipment for San Juan and Combustion Turbine plants; an increase in the Water Utility of \$9,040 (3%) for expansion and refurbishment of water transmission and distribution infrastructure and wells; and an increase in Sanitation of \$11,139 (14%) which includes replacement of automated collection vehicles and sanitary sewer improvements.

Additional information on the City's capital assets can be found in note 5 of the notes to the financial statements, on pages 53-54 of this report.

**LONG-TERM LIABILITIES**  
**JUNE 30, 2011 AND 2010**

|                                  | Governmental<br>Activities |                  | Business-type<br>Activities |                  | Total<br>Government |                    |
|----------------------------------|----------------------------|------------------|-----------------------------|------------------|---------------------|--------------------|
|                                  | 2011                       | 2010             | 2011                        | 2010             | 2011                | 2010               |
| General obligation bonds         | \$ 3,735                   | \$ 4,255         |                             |                  | \$ 3,735            | \$ 4,255           |
| Revenue bonds                    | 609,683                    | 605,252          | \$ 908,683                  | \$805,925        | 1,518,366           | 1,411,177          |
| Tax allocation bonds             | 208,169                    | 200,997          |                             |                  | 208,169             | 200,997            |
| Certificates of participation    | 12,070                     | 12,990           | 38,000                      | 38,000           | 50,070              | 50,990             |
| Capital lease obligations        | 2,341                      | 2,605            |                             |                  | 2,341               | 2,605              |
| Notes and loans payable          | 34,566                     | 29,094           | 30,519                      | 11,379           | 65,085              | 40,473             |
| Self-insurance                   | 35,405                     | 37,756           |                             |                  | 35,405              | 37,756             |
| Compensated absences             | 19,558                     | 20,037           |                             |                  | 19,558              | 20,037             |
| Pollution remediation obligation | 720                        | 1,879            |                             |                  | 720                 | 1,879              |
| Decommissioning provision        |                            |                  | 127,347                     | 123,893          | 127,347             | 123,893            |
| <b>Total</b>                     | <b>\$926,247</b>           | <b>\$914,865</b> | <b>\$1,104,549</b>          | <b>\$979,197</b> | <b>\$2,030,796</b>  | <b>\$1,894,062</b> |

**Long-term liabilities.** The City's outstanding long-term liabilities, including bonds, certificates of participation, capital leases, notes and loans payable, self-insurance, compensated absences, pollution remediation obligation, and the provision for decommissioning costs totaled \$2,030,793 at June 30, 2011. Of this total, \$926,244 (46%) was in governmental activities and \$1,104,549 (54%) was in business-type activities. The City's outstanding long-term liabilities increased \$136,731 (7%) in fiscal year 2011. The increase is primarily due to the business-type activities issuance of debt by the Electric Utility, Water Utility, and Convention, Sports and Entertainment Venues in the amount of \$90,390, \$34,525 and \$20,000, respectively, partially offset by principal payments of \$26,351. The Electric Utility and Water Utility issued debt to finance additional distribution system assets to improve overall system reliability, public safety and to provide sufficient capacity for anticipated growth. The Convention, Sports and Entertainment Venues fund issued debt to finance the Grand Plaza that will create a pedestrian plaza at the Anaheim Convention Center with up to 100,000 square feet of outdoor programmable space.

Additional information on the City's long-term liabilities can be found in notes 6, 7, and 9 of the notes to the financial statements, on pages 54-64, and 65 of this report.

#### **ECONOMIC FACTORS**

- Recently, there have been a significant number of articles throughout the nation focusing on public pensions and their sustainability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. One of the most significant factors used in determining the liability and the funding requirements is the rate of return that investments will yield prior to making payments, known as the discount rate. The City's pension plans utilize a discount rate of 7.75% in determining the pension liability and funding requirements. If it is determined that a lesser rate of return is more appropriate in the future, there may be a

significant increase in the liability and the contributions required to meet those obligations. The Governmental Accounting Standards Board also has issued an Exposure Draft related to the accounting and reporting for pensions which is expected to be finalized in 2012. The impact of adopting this accounting standard and the possible required changes to the discount rate used by the City will be evaluated once the official accounting standard is issued. Additional information about the City's retirement plans can be found in note 10 of the notes to the financial statements on pages 65-67 of this report.

- For the 2012 fiscal year, the City appropriated \$236,599 in estimated available resources of \$253,546 for General Fund for spending. This leaves approximately \$16,947 in estimated available reserves, which is 7% of General Fund appropriations. The City's long-standing policy is to maintain General Fund reserves of at least 7% to 10% of annual appropriations.
- The City annually reviews all of its fees as part of the budget adoption process. Developer, construction, and other fees applicable to residents and developers doing business with the City are adjusted in June of each year, generally by the average of Consumer Price Index (CPI). Although CPI for 12 months was 1.8 in January 2011, in light of the current economic environment, most fees were not increased.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City of Anaheim, 200 South Anaheim Boulevard, Suite 643, Anaheim, California, 92805.



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# BASIC FINANCIAL STATEMENTS



# Statement of Net Assets

## June 30, 2011 (In thousands)

|  | Governmental<br>Activities | Business-type<br>Activities | Total              |
|--|----------------------------|-----------------------------|--------------------|
| <b>ASSETS</b>  |                            |                             |                    |
| Cash and cash equivalents                              | \$ 86,837                  | \$ 41,824                   | \$ 128,661         |
| Investments  | 122,045                    | 57,112                      | 179,157            |
| Accounts receivable, net                               | 13,944                     | 56,256                      | 70,200             |
| Accrued interest receivable                            | 929                        | 2,209                       | 3,138              |
| Internal balances, net                                 | 15,647                     | (15,647)                    |                    |
| Due from other governments                             | 53,641                     |                             | 53,641             |
| Notes receivable, net                                  | 65,949                     |                             | 65,949             |
| Inventories  | 995                        | 10,150                      | 11,145             |
| Land held for resale, net                              | 43,305                     |                             | 43,305             |
| Prepaid and other assets                               | 6,270                      | 63,940                      | 70,210             |
| Restricted cash and cash equivalents                   | 44,408                     | 148,721                     | 193,129            |
| Restricted investments                                 | 56,473                     | 252,378                     | 308,851            |
| Unamortized debt issuance costs                        | 7,486                      | 8,566                       | 16,052             |
| Bond payment receivable                                |                            | 10,445                      | 10,445             |
| Pipeline receivable                                    |                            | 117                         | 117                |
| Net other post-employment benefits (OPEB) asset        | 9,629                      |                             | 9,629              |
| Capital assets, net:                                   |                            |                             |                    |
| Nondepreciable   | 697,048                    | 116,929                     | 813,977            |
| Depreciable  | 661,032                    | 1,412,050                   | 2,073,082          |
| Total assets   | <u>1,885,638</u>           | <u>2,165,050</u>            | <u>4,050,688</u>   |
| <b>LIABILITIES</b>                                     |                            |                             |                    |
| Accounts payable                                       | 31,078                     | 31,376                      | 62,454             |
| Wages payable  | 8,778                      | 1,964                       | 10,742             |
| Due to other governments                               | 3,624                      |                             | 3,624              |
| Interest payable                                       | 13,679                     | 11,582                      | 25,261             |
| Arbitrage rebate liability                             |                            | 534                         | 534                |
| Deposits   | 6,458                      | 6,147                       | 12,605             |
| Regulatory credits                                     |                            | 52,250                      | 52,250             |
| Unearned revenues                                      | 3,848                      | 402                         | 4,250              |
| Long-term liabilities:                                 |                            |                             |                    |
| Due within one year                                    | 41,146                     | 32,455                      | 73,601             |
| Due in more than one year                              | 885,101                    | 1,072,094                   | 1,957,195          |
| Total liabilities                                      | <u>993,712</u>             | <u>1,208,804</u>            | <u>2,202,516</u>   |
| <b>NET ASSETS</b>                                      |                            |                             |                    |
| Invested in capital assets, net of related debt        | 834,337                    | 786,175                     | 1,620,512          |
| Restricted for:  |                            |                             |                    |
| Debt service   | 1,048                      | 16,055                      | 17,103             |
| Capital projects                                       | 65,373                     | 33,737                      | 99,110             |
| Community development                                  | 77,085                     |                             | 77,085             |
| Streets, roads and transportation improvement projects | 24,160                     |                             | 24,160             |
| Grant purposes   | 14,345                     | 4,834                       | 19,179             |
| Unrestricted (deficit)                                 | (124,422)                  | 115,445                     | (8,977)            |
| Total net assets                                       | <u>\$ 891,926</u>          | <u>\$ 956,246</u>           | <u>\$1,848,172</u> |

The accompanying notes are an integral part of these financial statements.



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# Statement of Activities

## Year Ended June 30, 2011 (In thousands)

| Functions/Programs                          | Expenses  | Indirect<br>Expense<br>Allocation | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Assets |                             |             |
|---|-----------|-----------------------------------|-------------------------|--|--|--|-----------------------------|-------------|
|   |           |                                   | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                         | Business-type<br>Activities | Total       |
| Governmental activities:                    |           |                                   |                         |  |  |  |                             |             |
| General government                          | \$ 23,527 | \$(12,616)                        | \$ 1,872                | \$ 597                                   |  | \$ (8,442)   |                             | \$ (8,442)  |
| Police                                      | 116,056   | 3,448                             | 10,435                  | 13,305                                   |  | (95,764)   |                             | (95,764)    |
| Fire  | 56,238    | 155                               | 9,518                   | 964                                      |  | (45,911)   |                             | (45,911)    |
| Community Development                       | 104,849   | 1,088                             | 8,143                   | 91,148                                   |  | (6,646)  |                             | (6,646)     |
| Planning                                    | 14,633    | 994                               | 6,263                   | 2,286                                    |  | (7,078)  |                             | (7,078)     |
| Public Works                                | 43,866    | 243                               | 9,837                   | 14,125                                   | \$65,443                               | 45,296   |                             | 45,296      |
| Community Services                          | 30,304    | 654                               | 4,024                   | 1,933                                    | 2,249                                  | (22,752)   |                             | (22,752)    |
| Public Utilities                            | 2,218     |                                   |                         |  |  | (2,218)  |                             | (2,218)     |
| Convention, Sports and Entertainment        | 13,310    | 323                               | 4,356                   |  | 2,388                                  | (6,889)  |                             | (6,889)     |
| Interest on long-term debt                  | 48,014    |                                   |                         |  |  | (48,014)   |                             | (48,014)    |
| Total governmental activities               | 453,015   | (5,711)                           | 54,448                  | 124,358                                  | 70,080                                 | (198,418)  |                             | (198,418)   |
| Business-type activities:                   |           |                                   |                         |  |  |  |                             |             |
| Electric Utility                            | 368,778   | 2,911                             | 381,496                 |  | 5,975                                  |  | \$ 15,782                   | 15,782      |
| Water Utility                               | 55,330    | 919                               | 55,598                  |  | 2,862                                  |  | 2,211                       | 2,211       |
| Sanitation                                  | 49,435    | 429                               | 56,359                  | 92                                       | 839                                    |  | 7,426                       | 7,426       |
| Golf Courses                                | 4,095     | 161                               | 4,711                   |  |  |  | 455                         | 455         |
| Convention, Sports and Entertainment Venues | 43,416    | 1,291                             | 27,981                  | 654                                      | 2,991                                  |  | (13,081)                    | (13,081)    |
| Total business-type activities              | 521,054   | 5,711                             | 526,145                 | 746                                      | 12,667                                 |  | 12,793                      | 12,793      |
| Total government                            | \$974,069 | \$                                | \$580,593               | \$125,104                                | \$82,747                               | (198,418)  | 12,793                      | (185,625)   |
| General revenues:                           |           |                                   |                         |  |  |  |                             |             |
| Taxes:                                      |           |                                   |                         |  |  |  |                             |             |
| Property taxes                              |           |                                   |                         |  |  | 106,093  |                             | 106,093     |
| Sales and use taxes                         |           |                                   |                         |  |  | 54,711   |                             | 54,711      |
| Transient occupancy taxes                   |           |                                   |                         |  |  | 82,605   |                             | 82,605      |
| Motor vehicle license fees                  |           |                                   |                         |  |  | 1,783  |                             | 1,783       |
| Other taxes                                 |           |                                   |                         |  |  | 7,288  |                             | 7,288       |
| Unrestricted investment earnings            |           |                                   |                         |  |  | 3,667  | 9,617                       | 13,284      |
| Other                                       |           |                                   |                         |  |  | 614  |                             | 614         |
| Transfers                                   |           |                                   |                         |  |  | 8,537  | (8,537)                     |             |
| Total general revenues and transfers        |           |                                   |                         |  |  | 265,298  | 1,080                       | 266,378     |
| Change in net assets                        |           |                                   |                         |  |  | 66,880   | 13,873                      | 80,753      |
| Net assets at beginning of year             |           |                                   |                         |  |  | 825,046  | 942,373                     | 1,767,419   |
| Net assets at end of year                   |           |                                   |                         |  |  | \$ 891,926   | \$956,246                   | \$1,848,172 |

The accompanying notes are an integral part of these financial statements.





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**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011** (In thousands)

|  | <u>General</u>  | <u>Housing<br/>Authority</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-----------------|------------------------------|--|---|
| <b>ASSETS</b>  |                 |                              |  |   |
| Cash and cash equivalents                              | \$ 5,711        | \$ 6,843                     | \$ 38,317                                  | \$ 50,871                               |
| Investments  | 8,027           | 9,617                        | 53,853                                     | 71,497                                  |
| Accounts receivable, net                               | 10,378          | 35                           | 1,165                                      | 11,578                                  |
| Accrued interest receivable                            | 41              | 77                           | 436  | 554                                     |
| Notes receivable, net                                  |                 | 23,419                       | 42,461                                     | 65,880                                  |
| Due from other funds                                   | 9,908           |                              | 34,104                                     | 44,012                                  |
| Due from other governments                             | 14,724          | 21                           | 38,896                                     | 53,641                                  |
| Inventories  | 245             |                              |  | 245                                     |
| Land held for resale, net                              |                 |                              | 43,305                                     | 43,305                                  |
| Prepaid and other assets                               | 230             | 42                           | 5,940                                      | 6,212                                   |
| Restricted cash and cash equivalents                   |                 | 3,098                        | 40,917                                     | 44,015                                  |
| Restricted investments                                 |                 |                              | 56,473                                     | 56,473                                  |
| Total assets   | <u>\$49,264</u> | <u>\$43,152</u>              | <u>\$355,867</u>                           | <u>\$448,283</u>                        |
| <b>LIABILITIES AND FUND BALANCES</b>                   |                 |                              |  |   |
| Liabilities:   |                 |                              |  |   |
| Accounts payable                                       | \$ 3,625        | \$ 483                       | \$ 20,569                                  | \$ 24,677                               |
| Wages payable  | 4,653           | 110                          | 465  | 5,228                                   |
| Deposits   | 3,992           | 66                           | 2,400                                      | 6,458                                   |
| Due to other funds                                     | 82              |                              | 40,313                                     | 40,395                                  |
| Due to other governments                               | 2,966           | 658                          |  | 3,624                                   |
| Deferred revenues                                      | 7,458           | 24,093                       | 76,347                                     | 107,898                                 |
| Total liabilities                                      | <u>22,776</u>   | <u>25,410</u>                | <u>140,094</u>                             | <u>188,280</u>                          |
| Fund balances:   |                 |                              |  |   |
| Nonspendable:  |                 |                              |  |   |
| Interfund receivable                                   | 3,151           |                              |  | 3,151                                   |
| Inventory  | 245             |                              |  | 245                                     |
| Prepaid and other assets                               | 230             | 42                           | 631  | 903                                     |
| Restricted:  |                 |                              |  |   |
| Capital projects                                       |                 |                              | 490  | 490                                     |
| Debt service   |                 |                              | 67,363                                     | 67,363                                  |
| Development impact projects                            |                 |                              | 62,942                                     | 62,942                                  |
| Grant purposes   | 582             |                              | 5,233                                      | 5,815                                   |
| Homebuyer assistance programs                          |                 | 322                          | 7,598                                      | 7,920                                   |
| Low and moderate income housing                        |                 |                              | 27,974                                     | 27,974                                  |
| Redevelopment projects                                 |                 |                              | 38,713                                     | 38,713                                  |
| Rental assistance                                      |                 | 7,456                        |  | 7,456                                   |
| Anaheim resort maintenance and improvement             |                 |                              | 6,718                                      | 6,718                                   |
| Streets, roads and transportation improvement projects |                 |                              | 9,153                                      | 9,153                                   |
| Assigned:  |                 |                              |  |   |
| Debt service   |                 |                              | 15,490                                     | 15,490                                  |
| Capital projects                                       |                 |                              | 7,761                                      | 7,761                                   |
| Housing projects                                       |                 | 9,482                        |  | 9,482                                   |
| Other purposes   | 141             | 440                          |  | 581                                     |
| Unassigned   | 22,139          |                              | (34,293)                                   | (12,154)                                |
| Total fund balances                                    | <u>26,488</u>   | <u>17,742</u>                | <u>215,773</u>                             | <u>260,003</u>                          |
| Total liabilities and fund balances                    | <u>\$49,264</u> | <u>\$43,152</u>              | <u>\$355,867</u>                           | <u>\$448,283</u>                        |

The accompanying notes are an integral part of these financial statements.

# **Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets** **June 30, 2011** (In thousands)

|  |                  |                   |
|--|------------------|-------------------|
| Total fund balances - governmental funds   |                  | \$ 260,003        |
| Amounts reported for governmental activities in the Statement of Net Assets are different because:   |                  |                   |
| Capital assets used in the operation of governmental funds are not current financial resources and, therefore, are not reported in the funds. These assets consist of:   |                  |                   |
| Land   | \$ 616,994       |                   |
| Construction in progress   | 80,054           |                   |
| Buildings, structures and improvements   | 316,720          |                   |
| Machinery and equipment  | 48,636           |                   |
| Infrastructure   | 741,736          |                   |
| Accumulated depreciation   | <u>(465,674)</u> |                   |
| Total capital assets, net  |                  | 1,338,466         |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.   |                  | 105,374           |
| Unamortized debt issuance costs are not current financial resources and, therefore, are not reported in the funds.   |                  | 7,486             |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. |                  | 63,137            |
| Compensated absences, not otherwise included in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds.   |                  | (238)             |
| Long-term liabilities of governmental funds, including bonds, certificates of participation, notes and loans payable (\$868,629), and accrued interest payable (\$13,673), are not due and payable in the current period and, therefore, are not reported in the funds.                                  |                  | <u>(882,302)</u>  |
| Net assets of governmental activities  |                  | <u>\$ 891,926</u> |

The accompanying notes are an integral part of these financial statements.

# Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

### Year Ended June 30, 2011 (In thousands)

|   | General          | Housing<br>Authority | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|------------------|----------------------|-----------------------------------|--------------------------------|
| Revenues:   |                  |                      |                                   |                                |
| Property taxes  | \$ 58,359        |                      | \$ 47,734                         | \$106,093                      |
| Sales and use taxes                                       | 55,034           |                      |                                   | 55,034                         |
| Transient occupancy taxes                                 | 82,605           |                      |                                   | 82,605                         |
| Other taxes   | 6,486            |                      |                                   | 6,486                          |
| Licenses, fees and permits                                | 16,831           | \$ 33                | 1,908                             | 18,772                         |
| Intergovernmental revenues                                | 5,174            | 75,202               | 70,018                            | 150,394                        |
| Charges for services                                      | 14,137           |                      | 10,271                            | 24,408                         |
| Fines, forfeits and penalties                             | 3,304            |                      |                                   | 3,304                          |
| Use of money and property                                 | 2,696            | 467                  | 6,996                             | 10,159                         |
| Other   | 702              | 1,314                | 622                               | 2,638                          |
| Total revenues  | <u>245,328</u>   | <u>77,016</u>        | <u>137,549</u>                    | <u>459,893</u>                 |
| Expenditures:   |                  |                      |                                   |                                |
| Current:  |                  |                      |                                   |                                |
| City Council  | 276              |                      |                                   | 276                            |
| City Administration                                       | 2,376            |                      |                                   | 2,376                          |
| City Attorney   | 5,150            |                      | 120                               | 5,270                          |
| City Clerk  | 820              |                      |                                   | 820                            |
| Human Resources   | 1,004            |                      |                                   | 1,004                          |
| Finance   | 3,770            |                      | 23                                | 3,793                          |
| City Treasurer  | 2,516            |                      |                                   | 2,516                          |
| Police  | 104,969          |                      | 9,709                             | 114,678                        |
| Fire  | 55,077           |                      | 725                               | 55,802                         |
| Community Development                                     | 384              | 72,177               | 37,577                            | 110,138                        |
| Planning  | 13,036           |                      | 1,524                             | 14,560                         |
| Public Works  | 17,613           |                      | 9,474                             | 27,087                         |
| Community Services  | 25,862           |                      | 1,951                             | 27,813                         |
| Public Utilities  | 2,220            |                      |                                   | 2,220                          |
| Convention, Sports and Entertainment                      | 5,945            |                      | 3,972                             | 9,917                          |
| Capital outlay  | 221              | 1,131                | 69,566                            | 70,918                         |
| Debt service:   |                  |                      |                                   |                                |
| Principal retirement                                      |                  | 68                   | 12,151                            | 12,219                         |
| Interest charges  |                  | 27                   | 33,005                            | 33,032                         |
| Debt issuance costs                                       |                  |                      | 227                               | 227                            |
| Total expenditures  | <u>241,239</u>   | <u>73,403</u>        | <u>180,024</u>                    | <u>494,666</u>                 |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,089</u>     | <u>3,613</u>         | <u>(42,475)</u>                   | <u>(34,773)</u>                |
| Other financing sources (uses):                           |                  |                      |                                   |                                |
| Transfers in  | 34,264           | 1,303                | 64,004                            | 99,571                         |
| Transfers out   | (45,447)         | (150)                | (41,024)                          | (86,621)                       |
| Issuance of bonds   |                  |                      | 6,570                             | 6,570                          |
| Issuance of loan payable                                  |                  |                      | 7,000                             | 7,000                          |
| Contribution from property owners                         |                  |                      | 41,007                            | 41,007                         |
| Total other financing sources (uses)                      | <u>(11,183)</u>  | <u>1,153</u>         | <u>77,557</u>                     | <u>67,527</u>                  |
| Net change in fund balances                               | <u>(7,094)</u>   | <u>4,766</u>         | <u>35,082</u>                     | <u>32,754</u>                  |
| Fund balances at beginning of year                        | <u>33,582</u>    | <u>12,976</u>        | <u>180,691</u>                    | <u>227,249</u>                 |
| Fund balances at end of year                              | <u>\$ 26,488</u> | <u>\$17,742</u>      | <u>\$215,773</u>                  | <u>\$260,003</u>               |

The accompanying notes are an integral part of these financial statements.

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

Year Ended June 30, 2011 (In thousands)

|  |                  |
|--|------------------|
| Net change in fund balances - total governmental funds   | \$32,754         |
| Amounts reported for governmental activities in the Statement of Activities are different because:   |                  |
| Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$70,918) exceeded depreciation (\$27,941) in the current period. | 42,977           |
| Transfers of capital assets between governmental funds and proprietary funds do not require the use of financial resources and are not reported as transfers in the funds.   | (8,316)          |
| The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements and donations) is to increase net assets.   | 1,622            |
| Revenues in the Statement of Activities do not provide current financial resources and are not reported as revenues in governmental funds.   | 985              |
| Proceeds from long-term debt provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities in the Statement of Net Assets.   | (13,343)         |
| Payments of principal on long-term debt use current financial resources in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets.  | 12,219           |
| Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.   | (7,516)          |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The net expense of the internal service funds is reported with governmental activities.  | <u>5,498</u>     |
| Change in net assets of governmental activities  | <u>\$ 66,880</u> |

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**Year Ended June 30, 2011** (In thousands)

|   | <u>Original<br/>Budgeted<br/>Amounts</u> | <u>Final<br/>Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|---|--|---------------------------------------|---------------------------|---------------------------------------|
| Revenues:   |  |                                       |                           |                                       |
| Property taxes  | \$ 58,542                                | \$ 58,542                             | \$ 58,359                 | \$ (183)                              |
| Sales and use taxes                                       | 50,834                                   | 50,834                                | 55,034                    | 4,200                                 |
| Transient occupancy taxes                                 | 81,226                                   | 81,226                                | 82,605                    | 1,379                                 |
| Other taxes   | 6,070                                    | 6,070                                 | 6,486                     | 416                                   |
| Licenses, fees and permits                                | 17,773                                   | 17,773                                | 16,831                    | (942)                                 |
| Intergovernmental revenues                                | 3,407                                    | 3,468                                 | 5,174                     | 1,706                                 |
| Charges for services                                      | 13,780                                   | 13,787                                | 14,137                    | 350                                   |
| Fines, forfeits and penalties                             | 3,209                                    | 3,209                                 | 3,304                     | 95                                    |
| Use of money and property                                 | 2,781                                    | 2,781                                 | 2,696                     | (85)                                  |
| Other   | 824                                      | 756                                   | 702                       | (54)                                  |
| Total revenues  | <u>238,446</u>                           | <u>238,446</u>                        | <u>245,328</u>            | <u>6,882</u>                          |
| Expenditures:   |  |                                       |                           |                                       |
| City Council  | 417                                      | 417                                   | 276                       | (141)                                 |
| City Administration                                       | 2,983                                    | 2,983                                 | 2,376                     | (607)                                 |
| City Attorney   | 4,933                                    | 5,162                                 | 5,150                     | (12)                                  |
| City Clerk  | 970                                      | 970                                   | 820                       | (150)                                 |
| Human Resources   | 1,004                                    | 1,004                                 | 1,004                     |                                       |
| Finance   | 3,937                                    | 3,937                                 | 3,770                     | (167)                                 |
| City Treasurer  | 2,685                                    | 2,685                                 | 2,516                     | (169)                                 |
| Police  | 106,798                                  | 106,798                               | 104,992                   | (1,806)                               |
| Fire  | 55,037                                   | 55,077                                | 55,077                    |                                       |
| Community Development                                     | 384                                      | 384                                   | 384                       |                                       |
| Planning  | 13,812                                   | 13,925                                | 13,036                    | (889)                                 |
| Public Works  | 19,185                                   | 19,185                                | 17,664                    | (1,521)                               |
| Community Services  | 29,474                                   | 29,597                                | 26,009                    | (3,588)                               |
| Public Utilities  | 2,220                                    | 2,220                                 | 2,220                     |                                       |
| Convention, Sports and Entertainment                      | 7,129                                    | 7,129                                 | 5,945                     | (1,184)                               |
| Total expenditures  | <u>250,968</u>                           | <u>251,473</u>                        | <u>241,239</u>            | <u>(10,234)</u>                       |
| Excess (deficiency) of revenues over (under) expenditures | <u>(12,522)</u>                          | <u>(13,027)</u>                       | <u>4,089</u>              | <u>17,116</u>                         |
| Other financing sources (uses):                           |  |                                       |                           |                                       |
| Transfers in  | 35,012                                   | 35,012                                | 34,264                    | (748)                                 |
| Transfers out   | (41,306)                                 | (41,476)                              | (45,447)                  | (3,971)                               |
| Total other financing uses                                | <u>(6,294)</u>                           | <u>(6,464)</u>                        | <u>(11,183)</u>           | <u>(4,719)</u>                        |
| Net change in fund balance                                | (18,816)                                 | (19,491)                              | (7,094)                   | 12,397                                |
| Fund balance at beginning of year                         | <u>33,582</u>                            | <u>33,582</u>                         | <u>33,582</u>             |                                       |
| Fund balance at end of year                               | <u>\$ 14,766</u>                         | <u>\$ 14,091</u>                      | <u>\$ 26,488</u>          | <u>\$ 12,397</u>                      |

The accompanying notes are an integral part of these financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – Housing Authority**  
**Year Ended June 30, 2011** (In thousands)

|   | <u>Original<br/>Budgeted<br/>Amounts</u> | <u>Final<br/>Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|---|--|---------------------------------------|---------------------------|---------------------------------------|
| Revenues:   |  |                                       |                           |                                       |
| Licenses, fees and permits                                | \$ 40                                    | \$ 40                                 | \$ 33                     | \$ (7)                                |
| Intergovernmental revenues                                | 74,213                                   | 74,213                                | 75,202                    | 989                                   |
| Use of money and property                                 | 251                                      | 251                                   | 467                       | 216                                   |
| Other   | <u>1,671</u>                             | <u>1,671</u>                          | <u>1,314</u>              | <u>(357)</u>                          |
| Total revenues  | <u>76,175</u>                            | <u>76,175</u>                         | <u>77,016</u>             | <u>841</u>                            |
| Expenditures:   |  |                                       |                           |                                       |
| Community Development                                     | <u>77,144</u>                            | <u>77,247</u>                         | <u>73,403</u>             | <u>(3,844)</u>                        |
| Total expenditures  | <u>77,144</u>                            | <u>77,247</u>                         | <u>73,403</u>             | <u>(3,844)</u>                        |
| Excess (deficiency) of revenues over (under) expenditures | <u>(969)</u>                             | <u>(1,072)</u>                        | <u>3,613</u>              | <u>4,685</u>                          |
| Other financing sources (uses):                           |  |                                       |                           |                                       |
| Transfers in  | 458                                      | 1,067                                 | 1,303                     | 236                                   |
| Transfers out   | <u>      </u>                            | <u>      </u>                         | <u>(150)</u>              | <u>(150)</u>                          |
| Total other financing sources                             | <u>458</u>                               | <u>1,067</u>                          | <u>1,153</u>              | <u>86</u>                             |
| Net change in fund balance                                | (511)                                    | (5)                                   | 4,766                     | 4,771                                 |
| Fund balance at beginning of year                         | <u>12,976</u>                            | <u>12,976</u>                         | <u>12,976</u>             | <u>      </u>                         |
| Fund balance at end of year                               | <u><u>\$12,465</u></u>                   | <u><u>\$12,971</u></u>                | <u><u>\$17,742</u></u>    | <u><u>\$ 4,771</u></u>                |

The accompanying notes are an integral part of these financial statements.

**Statement of Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2011** (In thousands)

|  | Business-type Activities – Enterprise Funds |                  |            |                 |  |           | Governmental<br>Activities –<br>Internal<br>Service Funds |
|--|---|------------------|------------|-----------------|--|-----------|---|
|  | Electric<br>Utility                         | Water<br>Utility | Sanitation | Golf<br>Courses | Convention,<br>Sports and<br>Entertainment<br>Venues | Total     |   |
| <b>ASSETS</b>  |   |                  |            |                 |  |           |   |
| Current assets:  |   |                  |            |                 |  |           |   |
| Cash and cash equivalents                                  | \$ 5,433                                    | \$ 9,480         | \$ 16,161  | \$ 300          | \$ 10,450  | \$ 41,824 | \$ 35,966   |
| Investments  | 7,636                                       | 13,323           | 21,043     | 422             | 14,688   | 57,112    | 50,548  |
| Restricted cash and cash equivalents                       | 12,189                                      | 2,101            | 1,608      |                 | 1,020  | 16,918    | 57  |
| Restricted investments                                     | 10,652                                      | 938              |            |                 |  | 11,590    |   |
| Accounts receivable, net                                   | 39,918                                      | 6,850            | 6,979      | 94              | 2,415  | 56,256    | 2,163   |
| Accrued interest receivable                                | 1,527                                       | 162              | 220        |                 | 300  | 2,209     | 375   |
| Note receivable  |   |                  |            |                 |  |           | 69  |
| Interfund receivable                                       |   |                  |            |                 |  |           | 13  |
| Inventories  | 9,775                                       | 370              |            |                 | 5  | 10,150    | 750   |
| Bond payment receivable                                    |   |                  |            |                 | 1,890  | 1,890     |   |
| Prepaid and other assets                                   | 12,095                                      | 989              |            |                 | 33   | 13,117    | 58  |
| Total current assets                                       | 99,225                                      | 34,213           | 46,011     | 816             | 30,801   | 211,066   | 89,999  |
| Noncurrent assets:   |   |                  |            |                 |  |           |   |
| Restricted cash and cash equivalents, less current portion | 56,644                                      | 24,544           | 26,253     |                 | 24,362   | 131,803   | 336   |
| Restricted investments, less current portion               | 227,178                                     | 7,121            |            |                 | 6,489  | 240,788   |   |
| Unamortized debt issuance costs                            | 6,569                                       | 759              | 418        |                 | 820  | 8,566     |   |
| Bond payment receivable, less current portion              |   |                  |            |                 | 8,555  | 8,555     |   |
| Pipeline receivable  |   | 117              |            |                 |  | 117       |   |
| Accounts receivable, less current portion                  |   |                  |            |                 |  |           | 203   |
| Interfund receivable, less current portion                 |   |                  |            |                 |  |           | 69  |
| Prepaid and other assets                                   | 50,823                                      |                  |            |                 |  | 50,823    |   |
| Net other post-employment benefits (OPEB) asset            |   |                  |            |                 |  |           | 9,629   |
| Capital assets:  |   |                  |            |                 |  |           |   |
| Land   | 35,671                                      | 2,298            | 316        | 1,949           | 18,135   | 58,369    |   |
| Buildings, structures and improvements                     |   |                  | 80,967     | 16,632          | 487,396  | 584,995   | 6,938   |
| Utility plant  | 1,097,041                                   | 371,020          |            |                 |  | 1,468,061 |   |
| Machinery and equipment                                    |   |                  | 8,632      | 983             | 24,106   | 33,721    | 55,845  |
| Construction in progress                                   | 35,498                                      | 13,348           | 8,046      |                 | 1,668  | 58,560    |   |
| Total Capital assets                                       | 1,168,210                                   | 386,666          | 97,961     | 19,564          | 531,305  | 2,203,706 | 62,783  |
| Less accumulated depreciation                              | (350,483)                                   | (103,773)        | (9,162)    | (9,489)         | (201,820)  | (674,727) | (43,169)  |
| Capital assets, net  | 817,727                                     | 282,893          | 88,799     | 10,075          | 329,485  | 1,528,979 | 19,614  |
| Total noncurrent assets                                    | 1,158,941                                   | 315,434          | 115,470    | 10,075          | 369,711  | 1,969,631 | 29,851  |
| Total assets   | 1,258,166                                   | 349,647          | 161,481    | 10,891          | 400,512  | 2,180,697 | 119,850   |

(continued)



## Statement of Fund Net Assets

## Proprietary Funds

June 30, 2011 (In thousands) (continued)

|  | Business-type Activities – Enterprise Funds |                  |            |                 |  |            | Governmental<br>Activities –<br>Internal<br>Service Funds |
|--|---|------------------|------------|-----------------|--|------------|---|
|  | Electric<br>Utility                         | Water<br>Utility | Sanitation | Golf<br>Courses | Convention,<br>Sports and<br>Entertainment<br>Venues | Total      |   |
| <b>LIABILITIES</b>   |   |                  |            |                 |  |            |   |
| Current liabilities (payable from current assets):   |   |                  |            |                 |  |            |   |
| Accounts payable   | \$ 14,800                                   | \$ 11,083        | \$ 3,900   | \$ 253          | \$ 421   | \$ 30,457  | \$ 6,401  |
| Wages payable  | 885   | 349              | 162        | 21              | 486  | 1,903      | 3,550   |
| Interest payable   |   |                  |            |                 | 374  | 374        | 6   |
| Compensated absences   |   |                  |            |                 |  |            | 14,729  |
| Long-term obligations  | 4,544                                       |                  | 487        |                 | 11,638   | 16,669     | 9,228   |
| Unearned revenues  |   |                  |            |                 | 402  | 402        | 1,324   |
| Deposits   | 3,130                                       | 764              | 584        | 7               | 1,662  | 6,147      |   |
| Interfund payable  |   |                  |            | 548             |  | 548        |   |
| Regulatory credits   | 46,305                                      | 5,945            |            |                 |  | 52,250     |   |
| Total current liabilities (payable from current assets)  | 69,664                                      | 18,141           | 5,133      | 829             | 14,983   | 108,750    | 35,238  |
| Current liabilities (payable from restricted assets):  |   |                  |            |                 |  |            |   |
| Accounts payable   | 386   |                  | 349        |                 | 184  | 919        |   |
| Wages payable  | 50  |                  | 11         |                 |  | 61         |   |
| Interest payable   | 8,245                                       | 1,227            | 900        |                 | 836  | 11,208     |   |
| Arbitrage rebate liability   | 529   | 5                |            |                 |  | 534        |   |
| Long-term obligations  | 13,631                                      | 1,807            | 348        |                 |  | 15,786     |   |
| Total current liabilities (payable from restricted assets)   | 22,841                                      | 3,039            | 1,608      |                 | 1,020  | 28,508     |   |
| Total current liabilities  | 92,505                                      | 21,180           | 6,741      | 829             | 16,003   | 137,258    | 35,238  |
| Noncurrent liabilities:  |   |                  |            |                 |  |            |   |
| Interfund payable, less current portion  |   |                  |            | 3,151           |  | 3,151      |   |
| Long-term obligations, less current portion  | 707,016                                     | 95,913           | 46,515     |                 | 95,303   | 944,747    | 33,423  |
| Provision for decommissioning costs  | 127,347                                     |                  |            |                 |  | 127,347    |   |
| Total noncurrent liabilities   | 834,363                                     | 95,913           | 46,515     | 3,151           | 95,303   | 1,075,245  | 33,423  |
| Total liabilities  | 926,868                                     | 117,093          | 53,256     | 3,980           | 111,306  | 1,212,503  | 68,661  |
| <b>FUND NET ASSETS</b>   |   |                  |            |                 |  |            |   |
| Invested in capital assets, net of related debt  | 236,297                                     | 214,941          | 61,717     | 10,075          | 263,145  | 786,175    | 17,295  |
| Restricted for:  |   |                  |            |                 |  |            |   |
| Debt service   | 13,067                                      | 1,123            | 348        |                 | 1,517  | 16,055     | 57  |
| Capital projects   | 15,644                                      | 2,829            | 6,436      |                 | 8,828  | 33,737     |   |
| Other purposes   | 4,834                                       |                  |            |                 |  | 4,834      |   |
| Unrestricted   | 61,456                                      | 13,661           | 39,724     | (3,164)         | 15,716   | 127,393    | 33,837  |
| Total fund net assets  | \$ 331,298                                  | \$ 232,554       | \$108,225  | \$ 6,911        | \$ 289,206   | 968,194    | \$ 51,189   |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. |   |                  |            |                 |  | (11,948)   |   |
| Net assets of business-type activities   |   |                  |            |                 |  | \$ 956,246 |   |

The accompanying notes are an integral part of these financial statements.

**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2011** (In thousands)

|  | Business-type Activities – Enterprise Funds |                  |                  |                 |  |                  | Governmental<br>Activities –<br>Internal<br>Service Funds |
|--|---|------------------|------------------|-----------------|--|------------------|---|
|  | Electric<br>Utility                         | Water<br>Utility | Sanitation       | Golf<br>Courses | Convention,<br>Sports and<br>Entertainment<br>Venues | Total            |   |
| Operating revenues:  |   |                  |                  |                 |  |                  |   |
| Sales of light and power   | \$353,157                                   |                  |                  |                 |  | \$353,157        |   |
| Transmission revenues  | 24,590                                      |                  |                  |                 |  | 24,590           |   |
| Sales of water   |   | \$ 54,871        |                  |                 |  | 54,871           |   |
| Solid waste collection fees  |   |                  | \$ 40,389        |                 |  | 40,389           |   |
| Wastewater fees  |   |                  | 11,577           |                 |  | 11,577           |   |
| Street cleaning fees   |   |                  | 3,178            |                 |  | 3,178            |   |
| Green fees and cart rentals  |   |                  |                  | \$4,481         |  | 4,481            |   |
| Facilities rental  |   |                  |                  |                 | \$ 21,569  | 21,569           |   |
| Concession fees  |   |                  |                  | 118             | 5,052  | 5,170            |   |
| Other  | 3,749                                       | 727              | 1,215            | 112             | 1,360  | 7,163            | \$160,312   |
| Total operating revenues   | <u>381,496</u>                              | <u>55,598</u>    | <u>56,359</u>    | <u>4,711</u>    | <u>27,981</u>  | <u>526,145</u>   | <u>160,312</u>  |
| Operating expenses:  |   |                  |                  |                 |  |                  |   |
| Cost of purchased power  | 239,339                                     |                  |                  |                 |  | 239,339          |   |
| Fuel and generation of power   | 21,921                                      |                  |                  |                 |  | 21,921           |   |
| Cost of purchased water  |   | 27,042           |                  |                 |  | 27,042           |   |
| Treatment and pumping of water   |   | 6,166            |                  |                 |  | 6,166            |   |
| Maintenance, operations and administration   | 42,707                                      | 11,204           | 45,525           | 3,566           | 25,938   | 128,940          | 35,832  |
| Insurance premiums and claims  |   |                  |                  |                 |  |                  | 9,857   |
| Compensated absences and other benefits  |   |                  |                  |                 |  |                  | 108,952   |
| Depreciation and amortization  | 37,772                                      | 8,964            | 2,424            | 568             | 12,742   | 62,470           | 4,853   |
| Total operating expenses   | <u>341,739</u>                              | <u>53,376</u>    | <u>47,949</u>    | <u>4,134</u>    | <u>38,680</u>  | <u>485,878</u>   | <u>159,494</u>  |
| Operating income (loss)  | <u>39,757</u>                               | <u>2,222</u>     | <u>8,410</u>     | <u>577</u>      | <u>(10,699)</u>                                      | <u>40,267</u>    | <u>818</u>  |
| Nonoperating income (expenses):  |   |                  |                  |                 |  |                  |   |
| Intergovernmental revenues   | 2,284                                       | 497              | 92               |                 |  | 2,873            |   |
| Interest income  | 7,438                                       | 840              | 661              |                 | 678  | 9,617            | 996   |
| Debt service recovery  |   |                  |                  |                 | 654  | 654              |   |
| Interest expense   | (30,079)                                    | (2,920)          | (1,938)          | (66)            | (6,115)  | (41,118)         | (135)   |
| Gain (loss) from disposal of capital assets  |   |                  | (4)              | (58)            | (48)   | (110)            | 123   |
| Total nonoperating income (expenses)   | <u>(20,357)</u>                             | <u>(1,583)</u>   | <u>(1,189)</u>   | <u>(124)</u>    | <u>(4,831)</u>                                       | <u>(28,084)</u>  | <u>984</u>  |
| Income (loss) before contributions and transfers   | <u>19,400</u>                               | <u>639</u>       | <u>7,221</u>     | <u>453</u>      | <u>(15,530)</u>                                      | <u>12,183</u>    | <u>1,802</u>  |
| Capital contributions  | 7,349                                       | 2,365            | 4,288            |                 | 4,298  | 18,300           | 36  |
| Transfers in   | 2,153                                       |                  | 415              |                 | 9,068  | 11,636           | 4,000   |
| Transfers out  | <u>(20,755)</u>                             | <u>(3,694)</u>   | <u>(3,768)</u>   | <u>(272)</u>    |  | <u>(28,489)</u>  | <u>(97)</u>   |
| Change in fund net assets  | <u>8,147</u>                                | <u>(690)</u>     | <u>8,156</u>     | <u>181</u>      | <u>(2,164)</u>                                       | <u>13,630</u>    | <u>5,741</u>  |
| Fund net assets at beginning of year   | <u>323,151</u>                              | <u>233,244</u>   | <u>100,069</u>   | <u>6,730</u>    | <u>291,370</u>                                       |                  | <u>45,448</u>   |
| Fund net assets at end of year   | <u>\$331,298</u>                            | <u>\$232,554</u> | <u>\$108,225</u> | <u>\$6,911</u>  | <u>\$289,206</u>                                     |                  | <u>\$ 51,189</u>  |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. |   |                  |                  |                 |  | 243              |   |
| Change in net assets of business-type activities   |   |                  |                  |                 |  | <u>\$ 13,873</u> |   |

The accompanying notes are an integral part of these financial statements.

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2011** (In thousands)

|   | Business-type Activities – Enterprise Funds |                  |                  |                 |  |                   | Governmental<br>Activities –<br>Internal<br>Service Funds |
|---|---|------------------|------------------|-----------------|--|-------------------|---|
|   | Electric<br>Utility                         | Water<br>Utility | Sanitation       | Golf<br>Courses | Convention,<br>Sports and<br>Entertainment<br>Venues | Total             |   |
| Cash flows from operating activities:                                   |   |                  |                  |                 |  |                   |   |
| Receipts from customers and users                                       | \$ 377,492                                  | \$ 55,143        | \$ 55,056        | \$ 4,595        | \$ 27,957  | \$ 520,243        |   |
| Receipts from interfund services provided                               | 1,047                                       | 311              | 51               |                 |  | 1,409             | \$ 160,256  |
| Payments to suppliers   | (278,419)                                   | (25,963)         | (34,364)         | (2,603)         | (6,986)  | (348,335)         | (21,668)  |
| Payments for salaries, wages and other benefits                         | (35,956)                                    | (12,643)         | (6,708)          | (604)           | (15,870)   | (71,781)          | (119,125)   |
| Payments for interfund services used                                    | (9,193)                                     | (4,787)          | (3,618)          | (244)           | (2,984)  | (20,826)          | (3,065)   |
| Payments for insurance premiums and claims                              |   |                  |                  |                 |  |                   | (10,564)  |
| Other receipts  |   |                  | 1,164            | 112             |  | 1,276             | 124   |
| Net cash provided by operating activities                               | <u>54,971</u>                               | <u>12,061</u>    | <u>11,581</u>    | <u>1,256</u>    | <u>2,117</u>   | <u>81,986</u>     | <u>5,958</u>  |
| Cash flows from noncapital financing activities:                        |   |                  |                  |                 |  |                   |   |
| Receipt of interfund balances   |   |                  |                  |                 |  |                   | 17  |
| Transfers in  |   |                  |                  |                 | 9,068  | 9,068             | 4,000   |
| Transfers out   | (20,755)                                    | (2,899)          | (3,768)          | (272)           |  | (27,694)          |   |
| Operating grant receipts  | <u>2,284</u>                                | <u>497</u>       | <u>92</u>        |                 |  | <u>2,873</u>      |   |
| Net cash provided by (used in) noncapital financing activities          | <u>(18,471)</u>                             | <u>(2,402)</u>   | <u>(3,676)</u>   | <u>(272)</u>    | <u>9,068</u>   | <u>(15,753)</u>   | <u>4,017</u>  |
| Cash flows from capital and related financing activities:               |   |                  |                  |                 |  |                   |   |
| Proceeds from sale of capital assets                                    |   |                  |                  |                 |  |                   | 126   |
| Capital contributions   | 1,905                                       | 15               |                  |                 |  | 1,920             |   |
| Capital purchases   | (55,333)                                    | (14,456)         | (8,988)          |                 | (2,353)  | (81,130)          | (2,999)   |
| Proceeds of borrowing, net of premium                                   | 93,262                                      | 35,243           |                  |                 | 20,000   | 148,505           | 36  |
| Issuance costs  | (754)                                       | (405)            |                  |                 | (160)  | (1,319)           |   |
| Principal payment on long-term debt                                     | (17,825)                                    | (1,779)          | (805)            |                 | (6,782)  | (27,191)          | (1,480)   |
| Interest payments   | (30,906)                                    | (3,601)          | (2,193)          | (82)            | (5,155)  | (41,937)          | (109)   |
| Debt service recovery   |   |                  |                  |                 | 2,433  | 2,433             |   |
| Payment of interfund balances of capital purposes                       |   |                  |                  | (466)           |  | (466)             |   |
| Transfers in for capital purposes                                       | 2,146                                       |                  | 318              |                 |  | 2,464             |   |
| Transfers out for capital purposes                                      |   | (788)            |                  |                 |  | (788)             |   |
| Net cash provided by (used in) capital and related financing activities | <u>(7,505)</u>                              | <u>14,229</u>    | <u>(11,668)</u>  | <u>(548)</u>    | <u>7,983</u>   | <u>2,491</u>      | <u>(4,426)</u>  |
| Cash flows from investing activities:                                   |   |                  |                  |                 |  |                   |   |
| Purchase of investment securities                                       | (108,176)                                   | (5,596)          | (5,597)          | (418)           | (4,318)  | (124,105)         | (18,883)  |
| Proceeds from sale and maturity of investment securities                | 101,642                                     | 7,015            | 9,069            | 187             | 6,331  | 124,244           | 21,809  |
| Interest received   | 8,173                                       | 952              | 849              | 1               | 793  | 10,768            | 1,137   |
| Collection of note receivable   |   | 16               |                  |                 |  | 16                |   |
| Net cash provided by (used in) investing activities                     | <u>1,639</u>                                | <u>2,387</u>     | <u>4,321</u>     | <u>(230)</u>    | <u>2,806</u>   | <u>10,923</u>     | <u>4,063</u>  |
| Increase in cash and cash equivalents                                   | 30,634                                      | 26,275           | 558              | 206             | 21,974   | 79,647            | 9,612   |
| Cash and cash equivalents at beginning of the year                      | 43,632                                      | 9,850            | 43,464           | 94              | 13,858   | 110,898           | 26,747  |
| Cash and cash equivalents at end of the year                            | <u>\$ 74,266</u>                            | <u>\$ 36,125</u> | <u>\$ 44,022</u> | <u>\$ 300</u>   | <u>\$ 35,832</u>                                     | <u>\$ 190,545</u> | <u>\$ 36,359</u>  |

(continued)

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2011** (In thousands) (continued)

|   | Business-type Activities – Enterprise Funds |                  |            |                 |  |            | Governmental<br>Activities –<br>Internal<br>Service Funds |
|---|---|------------------|------------|-----------------|--|------------|---|
|   | Electric<br>Utility                         | Water<br>Utility | Sanitation | Golf<br>Courses | Convention,<br>Sports and<br>Entertainment<br>Venues | Total      |   |
| Reconciliation of operating income (loss) to net cash<br>provided by (used in) operating activities:        |   |                  |            |                 |  |            |   |
| Operating income (loss)   | \$ 39,757                                   | \$ 2,222         | \$ 8,410   | \$ 577          | \$(10,699)   | \$ 40,267  | \$ 818  |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by (used in) operating activities: |   |                  |            |                 |  |            |   |
| Depreciation and amortization   | 37,772                                      | 8,964            | 2,424      | 568             | 12,742   | 62,470     | 4,853   |
| Increase in provision for decommissioning costs   | 3,454                                       |                  |            |                 |  | 3,454      |   |
| Changes in assets and liabilities:  |   |                  |            |                 |  |            |   |
| Accounts receivable   | (4,138)                                     | (103)            | (92)       | (3)             | 760  | (3,576)    | 1,087   |
| Inventories   | (67)  | 1                |            |                 | (1)  | (67)       | (27)  |
| Prepaid and other assets  | (17,629)                                    | 192              |            |                 | (32)   | (17,469)   | 5   |
| Note receivable   |   |                  |            |                 |  |            | (69)  |
| Accounts payable  | (5,366)                                     | 798              | 818        | 113             | 181  | (3,456)    | 650   |
| Wages payable   | 7   | 28               | 17         | 2               | (50)   | 4          | 44  |
| Unearned revenues   |   |                  |            |                 | (152)  | (152)      | 242   |
| Compensated absences, OPEB and self-insurance liability   |   |                  |            |                 |  |            | (1,645)   |
| Deposits  | (194)                                       | (49)             | 4          | (1)             | (632)  | (872)      |   |
| Regulatory credits  | 1,375                                       | 8                |            |                 |  | 1,383      |   |
| Total adjustments   | 15,214                                      | 9,839            | 3,171      | 679             | 12,816   | 41,719     | 5,140   |
| Net cash provided by operating activities   | \$ 54,971                                   | \$ 12,061        | \$ 11,581  | \$ 1,256        | \$ 2,117   | \$ 81,986  | \$ 5,958  |
| Schedule of noncash investing, capital and noncapital financing activities:                                 |   |                  |            |                 |  |            |   |
| Capital assets financed through capital leases  |   |                  |            |                 |  |            | \$ 977  |
| Capital contributions   | \$ 5,444                                    | \$ 2,365         | \$ 4,288   |                 | \$ 4,300   | \$ 16,397  |   |
| Transfers in (out) of capital assets  | 7   | (7)              | 97         |                 |  | 97         | (97)  |
| Increase (decrease) in fair value of investments  | (389)                                       | (94)             | (163)      | \$ (2)          | (104)  | (752)      | 424   |
| Reconciliation of cash and cash equivalents:  |   |                  |            |                 |  |            |   |
| Cash and cash equivalents   | \$ 5,433                                    | \$ 9,480         | \$ 16,161  | \$ 300          | \$ 10,450  | \$ 41,824  | \$ 35,966   |
| Restricted cash and cash equivalents, current portion   | 12,189                                      | 2,101            | 1,608      |                 | 1,020  | 16,918     | 57  |
| Restricted cash and cash equivalents, noncurrent portion  | 56,644                                      | 24,544           | 26,253     |                 | 24,362   | 131,803    | 336   |
| Total cash and cash equivalents   | \$ 74,266                                   | \$ 36,125        | \$ 44,022  | \$ 300          | \$ 35,832  | \$ 190,545 | \$ 36,359   |

The accompanying notes are an integral part of these financial statements.



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**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011** (In thousands)

|                                      | <u>Investment<br/>Trust Funds</u> | <u>Agency<br/>Funds</u> |
|--------------------------------------|-----------------------------------|-------------------------|
| <b>ASSETS</b>                        |                                   |                         |
| Restricted cash and cash equivalents | \$ 521                            | \$5,782                 |
| Restricted investment                | 732                               | 3,386                   |
| Accrued interest receivable          | 9                                 |                         |
| Due from other governments           |                                   | 56                      |
| Total assets                         | <u>\$1,262</u>                    | <u>\$9,224</u>          |
| <b>LIABILITIES</b>                   |                                   |                         |
| Due to bond holders                  |                                   | <u>\$9,224</u>          |
| <b>NET ASSETS</b>                    |                                   |                         |
| Held in trust for pool participants  | <u>\$1,262</u>                    |                         |

The accompanying notes are an integral part of these financial statements.



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**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended June 30, 2011** (In thousands)

|   | <u>Investment<br/>Trust Funds</u> |
|---|-----------------------------------|
| <b>ADDITIONS</b>  |                                   |
| Contributions to pooled investments                                 | \$1,930                           |
| Interest and investment income                                      | <u>32</u>                         |
| Total additions   | <u>1,962</u>                      |
| <b>DEDUCTIONS</b>   |                                   |
| Distribution from pool investments                                  | <u>1,506</u>                      |
| Total deductions  | <u>1,506</u>                      |
| Net increase in net assets  | 456                               |
| Net assets held in trust for pool participants at beginning of year | <u>806</u>                        |
| Net assets held in trust for pool participants at end of year       | <u><u>\$1,262</u></u>             |





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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### The financial reporting entity

As defined by U. S. generally accepted accounting principles (GAAP) that are established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the City of Anaheim (City), the primary government, and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The component units described below are each legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of and accountable to the City and blended into the government-wide and fund financial statements.

Anaheim Housing Authority (Housing Authority) is a separate entity primarily funded by the U.S. Department of Housing and Urban Development to administer funds received under the Federal Housing Assistance Payments program. City Council members, in separate session, serve as the governing board of the Housing Authority, and all accounting and administrative functions are performed by the City. The financial activity of the Housing Authority has been blended into the City's Comprehensive Annual Financial Report (CAFR) in the government-wide governmental activities and in the fund financial statements as the Housing Authority Special Revenue Fund.

Anaheim Redevelopment Agency (Redevelopment Agency) is a separate government entity created to develop and execute plans for improvement, rehabilitation and redevelopment of blighted areas within the City. City Council members, in separate session, serve as the governing board of the Redevelopment Agency, and all accounting and administrative functions are performed by the City. The financial

activity of the Redevelopment Agency has been blended into the City's CAFR in the government-wide governmental activities and in the fund financial statements as the Redevelopment Housing Set-Aside Special Revenue Fund, the Redevelopment Agency Debt Service Fund, and the Redevelopment Projects Capital Projects Fund. For a copy of the Redevelopment Agency's separate financial statements, contact the Finance Director of the City.

Community Center Authority (CCA), a joint powers authority, was created primarily to finance the initial construction of the Anaheim Convention Center. A five-member board appointed by the City Council governs the CCA. The City has entered into a noncancelable long-term lease with the CCA, which provides for lease payments in amounts sufficient to meet the annual debt service requirements on the certificates of participation issued by the CCA to finance the construction of the facility. The lease is a financing arrangement, which transfers the ownership of the facility to the City at the end of the lease term, and the sole activity of the CCA is to provide financing for the City. As such, the financial data for the CCA has been blended into the City's CAFR in the government-wide business-type activities and in the fund financial statements with the City's Convention, Sports and Entertainment Venues Fund, as all activity related to the Anaheim Convention Center is accounted for in this enterprise fund. The capital lease has been eliminated in the financial statements. For a copy of the CCA's separate financial statements, contact the Finance Director of the City.

Anaheim Public Improvement Corporation (APIC), a non-profit corporation, was created primarily to finance several construction projects in the City. City Council members, in separate session, serve as the governing board of APIC. The City has entered into noncancelable long-term leases with APIC, which provide for lease payments in amounts sufficient to meet the annual debt service requirements on the certificates of participation issued by APIC to finance these construction projects. The leases are financing arrangements, which transfer ownership of the constructed assets to the City at the end of the lease terms. The financial data of APIC has been blended into various governmental and business-type activities and funds of the City as applicable, and the capital leases have been eliminated.

Anaheim Public Financing Authority (Authority), a joint powers authority, was established as a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments and mechanisms. City Council members, in separate session, serve as the governing board of the Authority. Financial activity of the Authority has been blended into the City's CAFR into various governmental and business-type activities and funds of the City as applicable.

The City is a participant in three joint ventures and jointly-owned properties (see note 11), which are not considered part of the financial reporting entity, as the City does not have significant equity interests in the joint ventures and jointly-owned properties.

### New Accounting Pronouncement

On July 1, 2010, the City adopted the GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes new categories for reporting fund balance information by identifying amounts that are considered *nonspendable, restricted, committed, assigned and unassigned* based on the relative strength of the constraints that control how specific amounts can be spent. This Statement also clarifies the existing definitions of governmental fund types.

### Basic financial statements

In accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the City and its component units as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements, except for interfund services provided and used. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. The “doubling up” effect of internal service fund activity has been eliminated from the government-wide financial statements with the expenses shown in the various functions and programs on the Statement of Activities.

The government-wide Statement of Net Assets reports all financial and capital resources of the City (excluding fiduciary funds). It is displayed in a format of assets less liabilities equal net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1)

invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt, represents capital assets net of accumulated depreciation which is reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses for administrative overhead are allocated among the functions and programs using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other nonmajor funds, as well as the internal service funds, are combined in a single column on the fund financial statements.

The City reports the following major governmental funds:

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

The Housing Authority Special Revenue Fund accounts for the providing of housing assistance to low and moderate-income families in the Anaheim area. Financing is provided primarily from Federal Section 8, U.S. Department of Housing and Urban Development (HUD) receipts.

The City reports the following major enterprise funds:

The Electric Utility Fund accounts for the operation of the City's electric utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in Anaheim.

The Water Utility Fund accounts for the operation of the City's water utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in Anaheim.

The Sanitation Fund accounts for the operation of the City's solid waste and sanitation program, a self-supporting activity, which provides for the collection and disposal of solid waste, street sweeping, and sanitary sewer cleaning on a user charge basis to residents and businesses located in Anaheim.

The Golf Courses Fund accounts for the operation of the Anaheim Municipal ("Dad Miller") Golf Course and the Anaheim Hills Golf Course, a self-supporting activity that renders services on a user charge basis.

The Convention, Sports and Entertainment Venues Fund accounts for the operations of the Anaheim Convention Center, Angel Stadium of Anaheim, and City National Grove of Anaheim. See note 12 for further discussions of the Angel Stadium of Anaheim and The City National Grove of Anaheim.

The internal service funds, which provide services to the other funds of the City, are presented in a single column in the proprietary funds financial statements. Because the principal users of the internal service funds are the City's governmental activities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Assets. The costs of the internal service fund services are spread to the appropriate function or program on the government-wide Statement of Activities and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling effect of these revenues and expenses. The

City operates four internal service funds:

The General Benefits and Insurance Fund is used to account for employee compensated absences, retirement and health benefits, and self-insurance programs.

The Motorized Equipment Fund is used to account for motorized equipment used by City departments.

The Information and Communication Services Fund is used to account for data processing and telecommunication services provided to City departments.

The Municipal Facilities Maintenance Fund is used to account for office maintenance services and equipment used by City departments.

#### **Measurement focus and basis of accounting**

The governmental funds financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues (including motor vehicle license fees), charges for services, fines, forfeits and penalties, and interest.
- Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as other financing source.

With this measurement focus, operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the

governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements. The net costs of the internal service funds are also partially allocated to the business-type activities column on the government-wide financial statements. A reconciliation of the total enterprise funds on the fund financial statements to the business-type activities column on the government-wide financial statements is provided on the face of the fund financial statements.

Enterprise funds account for operations where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and fees. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has elected for proprietary funds not to apply Financial Accounting Standards Board (FASB) statements issued after November 30, 1989.

The Electric and Water Utility funds follow the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (Electric Utility) and the California

Public Utilities Commission (Water Utility). The utilities are not subject to the regulations of these commissions.

Fiduciary funds account for assets held by the City in a trustee or agency capacity on behalf of others and, therefore, are not available to support City programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the City available to support City programs. The City currently maintains an Investment Trust Fund to account for the external portion of the City's investment pool, which commingles resources of legally separate entities administered by the City in an investment portfolio for the benefit of all participants. The entities include two Joint Powers Authorities (JPA) governed by local boards. The City separately maintains these entities' money in two individual funds; these funds represent the assets, primarily cash and investment, and the related liability of the City to disburse these monies on demand. The City also maintains an agency fund to account for the monies collected and paid on behalf of the Mello-Roos Districts located in the City.

#### Cash and investments

The City pools available cash from all funds for the purpose of increasing income through investment activities. Investments in U.S. Treasury obligations and agency securities and medium term corporate notes are carried at fair value based on quoted market prices. Participating guaranteed investment contracts and flexible repurchase agreements are carried at fair value. Money market mutual funds are carried at fair value based on the fund's share price. The City's investment in the State of California Local Agency Investment Fund (LAIF) is carried at fair value based on the value of each participating dollar as provided by LAIF. LAIF is authorized by California Government Code (Government Code) Section 16429 under the oversight of the Treasurer of the State of California. Commercial paper, participating guaranteed investment contracts and negotiable certificates of deposit are carried at amortized cost (which approximates fair value). Interest income, which includes changes in fair value, on investments is allocated to all funds on the basis of daily cash and investment balances. See note 2 for further discussion.

For purposes of the basic financial statements, the City considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within three months of the date they are acquired. Cash and cash equivalents are included in the City's cash and investments pool and in accounts held by fiscal agents.

#### Notes receivable

In the government-wide financial statements, notes receivable of \$65,949 includes accrued interest receivable of \$15,532, ranging from 3% to 10% interest per annum, and is net of allowances of \$21,266 for uncollectible accounts at June 30, 2011.

Allowances for uncollectible accounts were estimated based on certain assumptions; therefore, actual results could differ from the estimates.

In the governmental funds financial statements, due to the extended period of time over which notes receivable are to be collected and the contingent nature of certain sources of repayment, the City has recorded deferred revenue equal to the outstanding principal and accrued interest balance, net of allowance, of the notes receivable.

#### **Inventories**

Inventories are stated at average cost. Inventories in the General Fund are recorded as expenditures when used and are reported under the consumption method of accounting.

#### **Prepaid and other assets**

Certain payments to vendors such as insurance premiums, prepaid rents, and deposits for real property acquisitions reflect costs applicable to future periods and are recorded as prepaid and other assets in both government-wide and fund financial statements. These costs will be recognized in the period when services are received or when the City receives title to the real property.

#### **Land held for resale**

The Redevelopment Agency has acquired parcels of land as part of their primary purpose to develop or redevelop blighted areas. The Redevelopment Agency records these parcels as land held for resale in their financial records. The properties held for resale are recorded at the lower of cost or estimated net realizable value. At June 30, 2011, land held for resale with a cost of \$78,970 was recorded net of the allowance for decline in value of \$35,665 and totaled \$43,305, with this amount offset by a restriction of fund balance for redevelopment projects in the governmental funds financial statements.

#### **Restricted assets**

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the Statement of Net Assets, Balance Sheet, or Statement of Fund Net Assets, because they are maintained in separate bank accounts and their use is limited by applicable debt covenants. Additionally, resources set aside by the Electric Utility for future decommissioning of its former ownership share of the San Onofre Nuclear Generating Station, Units 2 and 3 (SONGS) and the San Juan Generating Station, Unit 4, are classified as restricted on both the government-wide Statement of Net Assets and proprietary funds Statement of Fund Net Assets.

#### **Capital assets**

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the City), are defined as assets with an initial, individual cost of more than \$5 (\$50 for infrastructure) and an estimated useful life of greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for proprietary funds. For the year ended June 30, 2011, business-type activities capitalized net interest costs of \$3,086 in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was \$44,204.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|  |    |    |          |
|--|----|----|----------|
| Buildings, structures and improvements | 5  | to | 85 years |
| Utility plant                          | 5  | to | 75 years |
| Machinery and equipment                | 2  | to | 40 years |
| Infrastructure                         | 25 | to | 75 years |

The net book value of capital assets retired or disposed of, related salvage value proceeds and the costs of removal are recorded in accumulated depreciation in the Electric Utility and Water Utility Funds. In all other cases, these amounts are recorded as gains or losses on disposal of capital assets.

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

**Debt costs**

Debt issuance costs in the amount of \$16,052 are included in noncurrent assets at June 30, 2011. Unamortized discounts, consisting of refunding costs of \$13,454 reduced by premiums net of discounts of \$15,565, are reflected in net long-term obligations. Both debt issuance costs and premiums net of discounts are amortized over the life of the related bond issue using the effective interest method. Refunding costs are amortized over the life of the new bond or the life of the old bond, whichever is shorter, using the effective interest method.

**Accretion**

Accretion is an adjustment of the difference between the price of a bond or certificate of participation (COP) issued at an original discount and the par value of the bond or COP. The accreted value is recognized as it accrues by fiscal year.

**Regulatory credits**

The Electric Utility's Rates, Rules, and Regulations provide for the Rate Stabilization Account (RSA), formerly referred to as Power Cost Adjustment/Rate Stabilization Account, which contains two components: the Power Cost Adjustment (PCA) that was adopted by City Council on April 1, 2001, and the Environmental Mitigation Adjustment (EMA) that was adopted by the City Council on January 13, 2009. The PCA will reflect variations in the power supply or fuel costs. The EMA will allow the recovery of environmental mitigation costs, such as greenhouse gas emissions costs, the marginal cost differential between renewable power and traditional fossil fuel based power. The RSA provides the City with operational and billing flexibility to mitigate material fluctuations in the cost of energy, loss of revenues or unbudgeted costs including unexpected long-term loss of a generating facility, unplanned limits on the ability to transmit energy to the City, or major disasters. The RSA funded by PCA and EMA collections are billed to customers through standard rates.

Since inception, the Electric Utility has collected \$142,352 in regulatory credits related to PCA. As of August 1, 2010, the PCA rate was changed from \$0.000 to \$0.005 per kWh for all domestic retail customers, excluding residential lifeline customers, and all commercial, industrial and municipal customers. At June 30, 2011, the liability recorded for regulatory credits related to PCA totaled \$43,767 for the Electric Utility. During fiscal year 2011, \$3,885 was recognized as RSA revenues to mitigate the impact of energy costs and operation costs.

Since inception, the Electric Utility has collected \$21,152 in regulatory credits related to EMA. As of April 20, 2010, the EMA rate was changed from \$0.0050 to \$0.0100 per kWh for all domestic customers, and \$0.0050 for all other customers. At June 30, 2011, the liability recorded for regulatory credits related to EMA totaled \$2,538. During fiscal year 2011, \$18,615 was recognized as RSA revenues to mitigate the impact of environmental mitigation costs.

The Water Utility's rates, rules and regulations provide for a water regulatory credit account to reflect variations in the cost of water to the Water Utility and provide more stable retail water rates to the customers of the City's Water Utility. This stabilization account provides increased flexibility by allowing the Water Utility to maintain financial performance indicators and goals specified in bond covenants. The account is funded through expense reimbursements such as water supply cost refunds received from the Metropolitan Water District and Orange County Water District and other miscellaneous credits and revenue. At June 30, 2011 the liability recorded for regulatory credits totaled \$5,945 for the Water Utility. During fiscal year 2011, no PCA revenue was recognized for the Water Utility.

**Deferred revenues**

Deferred revenues arise in governmental funds when revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise, in both governmental and proprietary funds, when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures/expenses (unearned). In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

Deferred revenues in the governmental funds amounted to \$107,898 at June 30, 2011 as follows:

|                  | General Fund    | Housing Authority | Nonmajor Governmental Funds | Total            |
|------------------|-----------------|-------------------|-----------------------------|------------------|
| Availability:    |                 |                   |                             |                  |
| Notes receivable | \$              | \$23,419          | \$42,461                    | \$ 65,880        |
| Other revenues   | 5,608           |                   | 33,886                      | 39,494           |
| Unearned         | 1,850           | 674               |                             | 2,524            |
| Total            | <u>\$ 7,458</u> | <u>\$24,093</u>   | <u>\$76,347</u>             | <u>\$107,898</u> |

### Compensated absences

Compensated absences, vacation and sick pay, for all City employees are generally paid by the General Benefits and Insurance Fund, an internal service fund. The General Benefits and Insurance Fund is reimbursed through payroll charges to all other funds based on estimates of benefits to be earned and used during the fiscal year. It is the policy of the City to pay all accumulated vacation pay when an employee retires or terminates. Accumulated sick pay in excess of 175 hours per employee is paid to employees at their then current rate of pay in January each year or upon termination from the City. Employees are paid for all accumulated sick pay when they retire from the City. Vested vacation and sick pay benefits are accrued when incurred in the General Benefits and Insurance Fund and at June 30, 2011, totaled \$19,320 and is included in long-term liabilities in the Statement of Net Assets. Also included in long-term liabilities in the Statement of Net Assets at June 30, 2011, is compensatory time liability of \$238.

Changes in the City's compensated absences liability in fiscal year 2011 were as follows:

|   |                  |
|---|------------------|
| Compensated absences liability at beginning of year | \$ 20,037        |
| Estimated compensated absences benefits earned      | 21,263           |
| Compensated absences used                           | (21,742)         |
| Compensated absences liability at end of year       | <u>\$ 19,558</u> |

### Nuclear fuel and decommissioning costs

Federal regulations require the Electric Utility to provide for the future decommissioning costs of its former ownership share of San Onofre Nuclear Generating Station (SONGS). The Electric Utility has established a provision for decommissioning costs of SONGS and restoration of the beachfront at San Onofre, California where it is located. The Electric Utility funds the reserve and recognizes this expense over the remaining useful life of the generating plant. A separate irrevocable trust account has been established for prior and future amounts funded and these amounts are classified as restricted assets in the accompanying balance sheets. At June 30, 2011, the provision for decommissioning costs totaled \$124,267. For the year ended June 30, 2011, the Electric Utility has recorded decommissioning costs incurred for SONGS in the amount of \$3,014, which is included in the fuel and generation component in operating expenses.

The City sold its ownership share in SONGS to Southern California Edison (SCE) on December 29, 2006. The Electric Utility's decision to divest SONGS was largely based on the need for operating flexibility to provide both peak and base load power, ongoing cost concerns for environmental disposal of nuclear waste and marine mitigation, as well as escalating decommissioning costs. See note 11 for further discussion.

The California Public Utilities Commission approved a cost estimate by SCE for the decommissioning costs of SONGS. The Electric Utility currently has \$124,267 in irrevocable trust for the decommissioning costs with an assumed rate of return of 4% per year. At June 30, 2011, SCE's future cost estimate for the Electric Utility's share of decommissioning costs is \$111,421. Based on an assumed 4% rate of return, it is estimated that the Electric Utility's current reserve of \$124,267 will grow to \$191,303 by 2022, which exceeds SCE's future cost estimate of \$147,170. Based on these estimates the Electric Utility does not expect that it will need to further fund the provision for decommissioning costs with cash contributions for SONGS.

The Electric Utility has a 10.04% ownership interest of the San Juan Generating Station, Unit 4 (SJ). The Electric Utility is providing for the future demolition and reclamation costs of its ownership share of SJ. As of June 30, 2011 the Electric Utility has recorded a provision for decommissioning costs for SJ of \$3,080. For the year ended June 30, 2011, the Electric Utility has recorded decommissioning costs incurred for SJ of \$440 in operating expenses. Based on the cost projections, the Electric Utility has estimated \$440 in costs per year until 2027 to fund this obligation.

### Pension plan

Full-time City employees are members of the State of California Public Employees' Retirement System (System). The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually as of July 1 by the System's actuary. See note 10 for further discussion.

### Net assets restricted by enabling legislation

The government-wide Statement of Net Assets reports \$182,011 of governmental activities restricted net assets, of which \$38,869 is restricted by enabling legislation.

### Fund balances

In the fund financial statements, governmental funds report the following classifications:

- **Nonspendable fund balance** includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories, prepaid or long-term loans and notes receivable.
- **Restricted fund balance** includes amounts when constraints placed on the use of the resources are either imposed by external resource providers, constitutional provisions or enabling legislation.



- Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the City's highest level of the decision-making authority, City Council. The City Council can modify or remove the commitments by taking the same kind of action it previously employed to commit those amounts. At June 30, 2011, the City does not have any committed fund balances.
- Assigned fund balance includes amounts that the City intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Manager or his designee has the authority to establish, modify or rescind an assigned fund balance.
- Unassigned fund balance accounts for the residual balance of the City's general fund and includes all spendable amounts not contained in other classifications. In other governmental funds, the unassigned classification reports a deficit balance if expenditures for a specific purpose exceed amounts that have been restricted, committed or assigned.

In all governmental funds, encumbered amounts have been restricted or assigned for specific purposes for which resources have already been allocated. At June 30, 2011, encumbrances totaled \$141, \$18, and \$18,475 in the General Fund, Housing Authority Special Revenue Fund, and other nonmajor governmental funds, respectively.

Generally, the City would first apply restricted resources when expenditures incurred for which both restricted and unrestricted resources are available.

The accumulated deficit fund balances at June 30, 2011, for Gas Tax and Roads, Workforce Development, and Transportation Improvement Projects included in nonmajor governmental funds in the amount of \$1,045, \$3 and \$13,774 respectively, will be eliminated in future years by the receipt of reimbursements for grant expenditures.

### **Budgetary principles**

The City is required by its charter to adopt an annual budget on or before June 30 for the ensuing fiscal year. The General, special revenue, debt service, and capital projects governmental fund types and proprietary fund types have legally adopted budgets approved by City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level. From the effective date of the budget, the amounts stated herein as proposed expenditures/expenses become appropriations to the various City

departments. Throughout the fiscal year the budget was amended to add supplemental appropriations. All amendments to the budget which change the total appropriation amount for any department require City Council approval and all increases in appropriations must be accompanied by an increase in revenue sources of a like amount to maintain a balanced budget. The City Manager has the authority to change individual budget line items within a department as long as the total department's appropriation amount is not changed.

The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. All appropriations lapse at the end of the fiscal year, except for capital projects (other than the Redevelopment Agency Capital Projects Fund), which are carried forward until such time as the project is completed or terminated and for encumbered balances that are re-appropriated in the next year.

GASB Statement No. 34 requires that budgetary comparison statements for the General Fund and major special revenue funds be presented in the basic financial statements. These statements must display original budget, amended budget and actual results.

Budgeted revenue amounts represent the original budget modified by City Council authorized adjustments during the year, which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are generally prepared in conformity with GAAP using the modified accrual basis of accounting, with the exception of capital leases, or other similar instruments, and land held for resale, which are budgeted on a cash basis.

### **Property taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments due on November 1 and February 1 and become delinquent after December 10 and April 10. The County of Orange, California (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied in the governmental funds to the extent that they result in current receivables collectable within 60 days after year-end. See note 7 for discussion of pledged property tax revenues.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year from the full market value at the time of purchase. The City receives a share of this basic levy proportionate to what it received in the 1976 and 1978 periods.

**Entitlements, shared revenues and grants**

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized in the fund financial statements as revenue when the qualifying expenditures have been incurred, all eligibility requirements have been met, and reimbursement is received within the availability period.

**Revenue recognition for Electric Utility, Water Utility, and Sanitation Funds**

Revenue is recorded in the period in which services are provided. Residential and smaller commercial customers are billed bimonthly and all other customers monthly. At June 30, 2011 unbilled but earned service charges recorded in accounts receivable for the Electric Utility, Water Utility, and Sanitation Funds amounted to \$18,981, \$3,954, and \$3,573, respectively. See note 7 for discussion of pledged revenues.

**Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

**NOTE 2 – DEPOSITS AND INVESTMENTS:**

The City maintains a cash and investment pool, which includes the cash balances of all funds, and is invested by the City Treasurer to enhance interest earnings. The pooled interest earned, net of administrative fees, is reallocated to each fund based on their respective average daily cash balances.

The City's pooled investment fund has been reviewed by Standard and Poor's Corporation (S&P) and received a credit rating of AA+ in July 2008, which was reaffirmed in June 2010.

The City's investment policy further limits the permitted investments in Government Code Sections 53600 et al, 16429.1 and 53684 to the following: obligations of the United States government, federal agencies, and government sponsored enterprises; medium-term corporate notes; certificates of deposit; bankers' acceptances; commercial paper; LAIF; repurchase agreements; reverse repurchase agreements; and money market mutual funds.

Deposits and investments are comprised of the following at June 30, 2011.

|  | Cash and<br>Cash<br>Equivalents | Investments | Restricted<br>Cash and<br>Cash<br>Equivalents | Restricted<br>Investments | Total     |
|--|---------------------------------|-------------|---|---------------------------|-----------|
| Governmental activities:                       |                                 |             |   |                           |           |
| General Fund                                   | \$ 5,711                        | \$ 8,027    |   |                           | \$ 13,738 |
| Housing Authority                              | 6,843                           | 9,617       | \$ 3,098                                      |                           | 19,558    |
| Nonmajor governmental funds                    | 38,317                          | 53,853      | 40,917  | \$ 56,473                 | 189,560   |
| Internal service funds                         | 35,966                          | 50,548      | 393   |                           | 86,907    |
| Total governmental activities                  | 86,837                          | 122,045     | 44,408  | 56,473                    | 309,763   |
| Business-type activities:                      |                                 |             |   |                           |           |
| Electric Utility                               | 5,433                           | 7,636       | 68,833  | 237,830                   | 319,732   |
| Water Utility                                  | 9,480                           | 13,323      | 26,645  | 8,059                     | 57,507    |
| Sanitation                                     | 16,161                          | 21,043      | 27,861  |                           | 65,065    |
| Golf Courses                                   | 300                             | 422         |   |                           | 722       |
| Convention, Sports and<br>Entertainment Venues | 10,450                          | 14,688      | 25,382  | 6,489                     | 57,009    |
| Total business-type activities                 | 41,824                          | 57,112      | 148,721                                       | 252,378                   | 500,035   |
| Government-wide totals                         | 128,661                         | 179,157     | 193,129                                       | 308,851                   | 809,798   |
| Fiduciary funds                                |                                 |             | 6,303   | 4,118                     | 10,421    |
| Total cash and investments                     | \$128,661                       | \$179,157   | \$199,432                                     | \$312,969                 | \$820,219 |

Deposits and investments are comprised of the following at June 30, 2011:

|                                |           |
|--------------------------------|-----------|
| Deposits                       | \$ 8,912  |
| Investments                    | 811,307   |
| Total deposits and investments | \$820,219 |

At June 30, 2011, deposits of \$8,912 with a corresponding bank balance of \$13,666 were maintained in various federally regulated financial institutions. The difference of \$4,754 represents deposits in transit, outstanding checks, and other reconciling items. Deposits with bank balances of \$501 are insured by the Federal Depositary Insurance Corporation. For deposits with bank balances totaling \$13,165, California state statutes require federally regulated financial institutions to secure a city's deposits by pledging collateral consisting of either government securities with a value of 110% of a city's total deposits or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. The collateral is required by regulation to be held by the counterparty's agent in the name of the City.

**Investments**

The City Treasurer prepares an investment policy statement annually, which is presented to the Budget, Investment and Technology Commission for review and the City Council for approval.

The approved investment policy Statement is submitted to the California Debt and Investment Advisory Committee in accordance with Government Code.

The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal and to meet daily cash flow needs while providing a return. All investments are made in accordance with the Government Code and, in general, the City Treasurer's policy is more restrictive than Government Code.

#### Investments authorized by the Government Code and the City's investment policy

The following table identifies the investment types that are authorized for the City by its investment policy which is more restrictive than Government Code. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the Government Code or the City's investment policy.

| Authorized Investment Type         | Maximum Maturity | Maximum Percentage of Portfolio* | Maximum Investment in One Issuer | Minimum Rating (S&P, Moody's, Fitch) |
|------------------------------------|------------------|----------------------------------|----------------------------------|--------------------------------------|
| U.S. Treasury obligations          | 5 years          | 100%                             | 30%                              | None                                 |
| U.S. agency securities             | 5 years          | 100%                             | 40%                              | None                                 |
| Banker's acceptances               | 180 days         | 40%                              | 5%                               | None                                 |
| Commercial paper                   | 270 days         | 25%                              | 5%                               | A-1/P-1/F-1                          |
| Negotiable certificates of deposit | 360 days         | 25%                              | 5%                               | None                                 |
| Repurchase agreements              | 360 days         | 30%                              | None                             | None                                 |
| Reverse repurchase agreements      | 90 days          | 20%                              | None                             | None                                 |
| Medium term corporate notes        | 5 years          | 30%                              | 5%                               | A/A/A                                |
| Money market mutual funds          | N/A              | 20%                              | 10%                              | None                                 |
| LAIF                               | N/A              | \$100 million                    | None                             | None                                 |
| Time certificates of deposit (TCD) | 1 year           | 20%                              | 5%                               | None                                 |

\*Excluding amounts held by bond trustees that are not subject to Government Code restrictions

At June 30, 2011, the City exceeded five percent concentration in the following U.S. agency securities: Federal Farm Credit Bank \$57,549 (13%), Federal Home Loan Bank \$50,787 (11%), and Federal National Mortgage Association \$76,347 (17%).

#### Investments authorized by debt agreements

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

| Authorized Investment Type                       | Maximum Maturity | Percentage Allowed | Investment in One Issue(r) |
|--|------------------|--------------------|----------------------------|
| U.S. Treasury obligation                         | None             | None               | None                       |
| U.S. agency securities                           | None             | None               | None                       |
| Guaranteed investment contracts                  | None             | None               | None                       |
| Collateralized investment contracts              | None             | None               | None                       |
| Flexible repurchase agreements                   | None             | None               | None                       |
| Money market mutual funds                        | None             | None               | None                       |
| LAIF   | None             | None               | None                       |
| City of Anaheim Treasurer's investment portfolio | None             | None               | None                       |

At June 30, 2011, the investments controlled by bond trustees exceeded five percent concentration in the following U.S. agency securities, guaranteed investment contracts, flexible repurchase agreements and money market mutual funds: Federal Home Loan Bank \$55,077 (15%), Federal National Mortgage Association \$34,979 (9%), Federal Farm Credit Bank \$32,609 (9%), Bank of America \$16,645 (5%), Credit Agricole \$19,365 (5%), Morgan Stanley \$29,290 (8%), Dreyfus Treas \$16,988 (5%), US Bank money market \$32,290 (9%) and Wells Fargo 100% Treasury \$19,355 (5%). All guaranteed investment contracts have downgrade language that requires collateral should credit ratings drop below certain levels.

#### Custodial credit risk

Custodial credit risk for investments is the risk that the City will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the City with the exception of LAIF and money market mutual funds are deposited in trust for safekeeping with a custodial bank different from the City's primary bank. Securities are not held in broker accounts. Funds held by LAIF and money market mutual funds are held in the City's name.

Custodial credit risk for investments held by bond trustees is the risk that the City will not be able to recover the value of investment securities that are in the possession of an outside party. All securities held by bond trustees are in the name of the bond issue in trust for safekeeping with the bond trustee, which is different from the City's primary bank.

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City Treasurer mitigates this risk by investing in longer-term securities only with funds that are not needed for current cash flow purposes and holding these securities to maturity. The City Treasurer uses the segmented time distribution method to identify and manage interest rate risk. In accordance with the City investment policy, the City Treasurer monitors the segmented time distribution of its investment portfolio and analysis of cash flow demand.

Investments held by bond trustees are typically long-term securities which are not adversely affected by interest rate changes. Guaranteed investment contracts for construction funds are usually limited to three years or less. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at June 30, 2011:

| Investments                                    | Credit<br>Rating<br>(S&P/<br>Moody's) | Fair<br>Value<br>6/30/2011 | 12<br>Months<br>or<br>Less | 13<br>to<br>24<br>Months | 25<br>to<br>36<br>Months | 37<br>to<br>60<br>Months | More<br>Than<br>60<br>Months |
|--|---------------------------------------|----------------------------|----------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| Investments controlled by City Treasurer:      |                                       |                            |                            |                          |                          |                          |                              |
| U.S. agency securities                         | AAA/Aaa                               | \$203,711                  | \$ 28,469                  | \$36,131                 | \$ 48,782                | \$ 90,329                |                              |
| Medium term corporate notes                    | AA/Aaa                                | 10,963                     |                            |                          | 3,009                    | 7,954                    |                              |
| Medium term corporate notes                    | AA/Aa                                 | 8,087                      | 5,169                      |                          |                          | 2,918                    |                              |
| Medium term corporate notes                    | A/A                                   | 30,679                     | 9,283                      | 16,342                   |                          | 5,054                    |                              |
| Medium term corporate notes                    | A-1/P-1                               | 8,396                      |                            | 8,396                    |                          |                          |                              |
| Commercial paper                               | A-1/P-1                               | 103,990                    | 103,990                    |                          |                          |                          |                              |
| Money market mutual funds                      | AAA/Aaa                               | 11,515                     | 11,515                     |                          |                          |                          |                              |
| LAIF   | Unrated                               | 65,057                     | 65,057                     |                          |                          |                          |                              |
| Total investments controlled by City Treasurer |                                       | 442,398                    | 223,483                    | 60,869                   | 51,791                   | 106,255                  |                              |
| Investments controlled by bond trustees:       |                                       |                            |                            |                          |                          |                          |                              |
| U.S. Treasury obligations                      | Exempt                                | 270                        | 270                        |                          |                          |                          |                              |
| U.S. agency securities                         | AAA/Aaa                               | 122,665                    | 6,561                      | 10,528                   | 56,154                   | 49,422                   |                              |
| Guaranteed investment contracts                | Unrated                               | 56,294                     | 19,365                     |                          |                          | 10,214                   | \$26,715                     |
| Collateralized investment contracts            | Unrated                               | 4,879                      |                            |                          |                          | 1,210                    | 3,669                        |
| Flexible repurchase agreements                 | Unrated                               | 46,138                     | 7,864                      |                          |                          | 621                      | 37,653                       |
| Money market mutual funds                      | AAA/Aaa                               | 110,864                    | 110,864                    |                          |                          |                          |                              |
| LAIF   | Unrated                               | 27,799                     | 27,799                     |                          |                          |                          |                              |
| Total investments controlled by bond trustees  |                                       | 368,909                    | 172,723                    | 10,528                   | 56,154                   | 61,467                   | 68,037                       |
| Total investments                              |                                       | \$811,307                  | \$396,206                  | \$71,397                 | \$107,945                | \$167,722                | \$68,037                     |

**NOTE 3 – ACCOUNTS RECEIVABLE, DUE FROM OTHER GOVERNMENTS, INTERFUND RECEIVABLE AND PAYABLE BALANCES, AND CERTAIN INTERFUND TRANSACTIONS:**

**Accounts receivable**

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at June 30, 2011, are as follows:

|   | Accounts<br>Receivable | Less:<br>Allowance for<br>Uncollectibles | Total    |
|---|------------------------|--|----------|
| Governmental activities:                    |                        |  |          |
| General Fund                                | \$13,432               | \$(3,054)                                | \$10,378 |
| Housing Authority                           | 63                     | (28)                                     | 35       |
| Nonmajor governmental funds                 | 1,168                  | (3)                                      | 1,165    |
| Internal service funds                      | 2,366                  |  | 2,366    |
| Total governmental activities               | 17,029                 | (3,085)                                  | 13,944   |
| Business-type activities:                   |                        |  |          |
| Electric Utility                            | 40,415                 | (497)                                    | 39,918   |
| Water Utility                               | 6,918                  | (68)                                     | 6,850    |
| Sanitation                                  | 7,197                  | (218)                                    | 6,979    |
| Golf Courses                                | 94                     |  | 94       |
| Convention, Sports and Entertainment Venues | 2,445                  | (30)                                     | 2,415    |
| Total business-type activities              | 57,069                 | (813)                                    | 56,256   |
| Total accounts receivable                   | \$74,098               | \$(3,898)                                | \$70,200 |

**Due from other governments**

Due from other governments for the City's governmental activities at June 30, 2011, are as follows:

|                                  | Taxes    | Grants   | Other | Total    |
|----------------------------------|----------|----------|-------|----------|
| Governmental activities:         |          |          |       |          |
| General Fund                     | \$13,921 | \$ 491   | \$312 | \$14,724 |
| Housing Authority                |          | 21       |       | 21       |
| Nonmajor governmental funds      | 49       | 38,847   |       | 38,896   |
| Total due from other governments | \$13,970 | \$39,359 | \$312 | \$53,641 |

Revenues are reported net of estimated uncollectible amounts. Total estimated uncollectible amounts related to revenues of the current period are as follows:

|                  |         |
|------------------|---------|
| General Fund     | \$ 628  |
| Electric Utility | 653     |
| Water Utility    | 93      |
| Sanitation       | 334     |
| Others           | 11      |
| Total            | \$1,719 |

**Interfund receivable and payable balances**

Net internal balances between governmental activities and business-type activities of \$15,647 are included in the government-wide financial statements at June 30, 2011.

Interfund receivables and payables that are included in the fund financial statements at June 30, 2011, are as follows:

|                             | Interfund<br>Receivable | Interfund<br>Payable |
|-----------------------------|-------------------------|----------------------|
| Governmental funds:         |                         |                      |
| General Fund                | \$ 9,908                | \$ 82                |
| Nonmajor governmental funds | <u>34,104</u>           | <u>40,313</u>        |
| Total governmental funds    | <u>44,012</u>           | <u>40,395</u>        |
| Enterprise funds:           |                         |                      |
| Golf Courses                |                         | <u>3,699</u>         |
| Total enterprise funds      |                         | <u>3,699</u>         |
| Internal service funds      | <u>82</u>               |                      |
| Total                       | <u>\$44,094</u>         | <u>\$44,094</u>      |

Certain interfund balances at June 30, 2011 are generally short-term loans to relieve temporary cash deficits in various funds. The following interfund balances are expected to be repaid in more than one year:

**General Fund**

Of the total interfund receivable in the General Fund, \$3,699 is due from the Golf Courses Fund. On September 24, 2002, the City Council approved a loan up to \$6,400 from the General Fund to the Golf Courses Fund for construction of the Anaheim Hills Golf Clubhouse. The loan is payable in annual amounts of not less than \$548 beginning in July 2005 until July 2023 and bears interest at the City's investment yield as of June 30th of each year.

**Nonmajor Governmental Funds**

Of the interfund receivable in the nonmajor governmental funds, \$8,490 is due to the Other Capital Improvements Capital Projects Fund from nonmajor governmental funds (Redevelopment Project Capital Projects Fund). The Redevelopment Agency entered into a Cooperation Agreement with the City on April 1, 2003 whereby the City will assist the Redevelopment Agency with the development of Westgate utilizing \$10,000 of funds from the HUD Section 108 loan program. The Redevelopment Agency is obligated to pay the City for the repayment of the HUD 108 loan from property tax increment and certain project revenues generated by Westgate.

Of the interfund receivable in the nonmajor governmental funds, \$1,563 is due to the Redevelopment Project Capital Projects Fund from nonmajor governmental funds (Other Capital Improvements Capital Projects Fund). On March 15, 1999, the Redevelopment Agency entered into a Cooperation Agreement with the City

whereby the Redevelopment Agency and the City will share the cost of the West Lincoln Avenue Street improvement project. The Agreement also provides that the Redevelopment Agency will receive transportation fee credits in the amount of its contribution to the project.

Of the interfund receivable in the nonmajor governmental funds, \$7,000 is due to Community Development Block Grants Fund from nonmajor governmental funds (Redevelopment Project Capital Projects Fund). The Redevelopment Agency entered into a Cooperation Agreement with the City on June 1, 2010, whereby the City will assist the Agency with the rehabilitation of the historic Packing House site utilizing \$7,000 of funds from the HUD Section 108 \$15,000 loan proceeds. The Redevelopment Agency is obligated to pay the City for the repayment of the HUD 108 loan from property tax increment.

Of the interfund receivable in the nonmajor governmental funds, \$8,176 is due to the Redevelopment Agency Housing Set-Aside Special Revenue Fund from nonmajor governmental funds (Redevelopment Agency Debt Service Fund). In fiscal years 2010 and 2011, the Redevelopment Agency paid a total of \$19,163 to the State of California Supplement Educational Revenue Augmentation Fund (SERAF). Of this amount, \$8,500 was paid with funds borrowed from Housing Set-Aside property tax increment. The Redevelopment Agency will fully repay the amount by June 30, 2016 in accordance with the 2010 State of California budget legislation.

Of the interfund receivable in the nonmajor governmental funds, \$981 is due to the Housing Set-Aside Special Revenue Fund from the Redevelopment Project Capital Projects Fund. In fiscal year 2011, two parcels of land held for resale from the Housing Set-Aside Special Revenue Fund were transferred to the Redevelopment Project Capital Projects Fund, as the planned development of the parcels no longer included an affordable housing component. The payment for the parcels is expected to occur in fiscal year 2013.

**Certain interfund transactions**

The net transfers of \$8,537 from the business-type activities to the governmental activities on the government-wide Statement of Activities are primarily comprised of operational subsidies from business-type activities to the General Fund offset by debt service subsidies to the Convention, Sports and Entertainment Venues Fund and the transfers of capital assets from governmental activities to business-type activities.

Capital assets with net book value totaled \$8,414 were transferred from the Governmental activities to Business-type activities: underground facilities and light installation to Electric Utilities (\$3,658), sanitary sewer improvements to Sanitation (\$3,449), and security enhancement improvement to the Convention, Sports and Entertainment (\$1,307). These amounts were accounted for as Capital Contribution in the respective Enterprise Fund financial statements. Capital asset with net a book value of \$98 was transferred from the Convention, Sports and Entertainment Business-type activities to the Governmental activities.

The following interfund transfers are reflected in the fund financial statements at June 30, 2011:

|   | Transfers In     | Transfers Out    |
|---|------------------|------------------|
| Governmental funds:                         |                  |                  |
| General Fund                                | \$ 34,264        | \$ 45,447        |
| Housing Authority                           | 1,303            | 150              |
| Nonmajor governmental funds                 | 64,004           | 41,024           |
| Total governmental funds                    | <u>99,571</u>    | <u>86,621</u>    |
| Enterprise funds:                           |                  |                  |
| Electric Utility                            | 2,153            | 20,755           |
| Water Utility                               |                  | 3,694            |
| Sanitation                                  | 415              | 3,768            |
| Golf Courses                                |                  | 272              |
| Convention, Sports and Entertainment Venues | 9,068            |                  |
| Total enterprise funds                      | <u>11,636</u>    | <u>28,489</u>    |
| Internal service funds                      | 4,000            | 97               |
| Total                                       | <u>\$115,207</u> | <u>\$115,207</u> |

The interfund transfers generally are made for the purpose of debt service payments made from a debt service fund but funded from an operating fund or subsidy transfers. Except for the transferred capital assets detailed previously, there were no other significant transfers during the fiscal year that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

#### NOTE 4 – BOND PAYMENT RECEIVABLE:

On August 3, 1995, the Los Angeles Rams Football Company, currently the St. Louis Rams (Rams), exercised its right to terminate its lease under the Fourth Amendment to the Exhibition Agreement between the Rams and the City (Rams Agreement). Under the Rams Agreement, the Rams became obligated to repay the City for the debt service on the 1979 Anaheim (California) Stadium Inc. Lease Revenue Bonds in the principal amount of \$28,110, which obligation is supported by an irrevocable standby letter of credit with Dresdner Bank AG, will be repaid by August 15, 2015. The 1979 Anaheim (California) Stadium Inc. Lease Revenue Bonds were subsequently refunded, and are no longer outstanding, by a portion of the Convention, Sports and Entertainment Venues Fund 1993 Refunding Projects Certificates of Participation. In December 2008, the 1993 Refunding Projects Certificates of Participation were refunded and replaced by the 2008 Lease Revenue Refunding Bonds. At June 30, 2011, there remained principal outstanding of \$10,445 on the 2008 Lease Revenue Refunding Bonds. During fiscal year 2011, the Rams reimbursed the City \$2,434 (representing \$1,780 for principal and \$654 for interest) for the current portion of their debt service obligation. The City accounted for the termination of the lease by recording a bond payment receivable from the Rams and a contribution to the Convention, Sports and Entertainment Venues Enterprise Fund in the amount of the debt obligation assumed by the Rams under the Rams Agreement.

#### NOTE 5 – CAPITAL ASSETS:

Capital asset activities for the year ended June 30, 2011, were as follows:

|  | Beginning Balance  | Additions        | Transfers In (Out) | Deletions         | Ending Balance     |
|--|--------------------|------------------|--------------------|-------------------|--------------------|
| Governmental activities:                           |                    |                  |                    |                   |                    |
| Nondepreciable assets:                             |                    |                  |                    |                   |                    |
| Land   | \$ 606,985         | \$ 10,555        | \$ 137             | \$ (683)          | \$ 616,994         |
| Construction in progress                           | 55,550             | 54,020           | (28,406)           | (1,110)           | 80,054             |
| Total  | <u>662,535</u>     | <u>64,575</u>    | <u>(28,269)</u>    | <u>(1,793)</u>    | <u>697,048</u>     |
| Depreciable assets:                                |                    |                  |                    |                   |                    |
| Buildings, structures and improvements             | 319,348            | 2,846            | 3,279              | (1,815)           | 323,658            |
| Machinery and equipment                            | 104,635            | 4,637            | 488                | (5,279)           | 104,481            |
| Infrastructure                                     | 719,910            | 964              | 20,942             | (80)              | 741,736            |
| Total  | <u>1,143,893</u>   | <u>8,447</u>     | <u>24,709</u>      | <u>(7,174)</u>    | <u>1,169,875</u>   |
| Total assets                                       | <u>1,806,428</u>   | <u>73,022</u>    | <u>(3,560)</u>     | <u>(8,967)</u>    | <u>1,866,923</u>   |
| Less accumulated depreciation for:                 |                    |                  |                    |                   |                    |
| Buildings, structures and improvements             | (112,715)          | (8,443)          |                    | 1,240             | (119,918)          |
| Machinery and equipment                            | (68,744)           | (7,810)          |                    | 5,160             | (71,394)           |
| Infrastructure                                     | (301,068)          | (16,540)         |                    | 77                | (317,531)          |
| Total accumulated depreciation                     | <u>(482,527)</u>   | <u>(32,793)</u>  |                    | <u>6,477</u>      | <u>(508,843)</u>   |
| Total governmental activities capital assets, net  | <u>\$1,323,901</u> | <u>\$ 40,229</u> | <u>\$ (3,560)</u>  | <u>\$ (2,490)</u> | <u>\$1,358,080</u> |
| Business-type activities:                          |                    |                  |                    |                   |                    |
| Nondepreciable assets:                             |                    |                  |                    |                   |                    |
| Land   | \$ 58,369          |                  |                    |                   | \$ 58,369          |
| Construction in progress                           | 81,286             | \$ 78,596        | \$(100,973)        | \$ (349)          | 58,560             |
| Total  | <u>139,655</u>     | <u>78,596</u>    | <u>(100,973)</u>   | <u>(349)</u>      | <u>116,929</u>     |
| Depreciable assets:                                |                    |                  |                    |                   |                    |
| Buildings, structures and improvements             | 573,597            | 9,657            | 1,784              | (43)              | 584,995            |
| Utility plant                                      | 1,371,358          | 4,150            | 102,682            | (10,129)          | 1,468,061          |
| Machinery and equipment                            | 30,704             | 3,331            | 67                 | (381)             | 33,721             |
| Total  | <u>1,975,659</u>   | <u>17,138</u>    | <u>104,533</u>     | <u>(10,553)</u>   | <u>2,086,777</u>   |
| Total assets                                       | <u>2,115,314</u>   | <u>95,734</u>    | <u>3,560</u>       | <u>(10,902)</u>   | <u>2,203,706</u>   |
| Less accumulated depreciation for:                 |                    |                  |                    |                   |                    |
| Buildings, structures and improvements             | (186,432)          | (13,012)         |                    | 23                | (199,421)          |
| Utility plant                                      | (419,355)          | (46,736)         |                    | 11,835            | (454,256)          |
| Machinery and equipment                            | (18,676)           | (2,722)          |                    | 348               | (21,050)           |
| Total accumulated depreciation                     | <u>(624,463)</u>   | <u>(62,470)</u>  |                    | <u>12,206</u>     | <u>(674,727)</u>   |
| Total business-type activities capital assets, net | <u>\$1,490,851</u> | <u>\$ 33,264</u> | <u>\$ 3,560</u>    | <u>\$ 1,304</u>   | <u>\$1,528,979</u> |

Depreciation expense was charged to functions/programs of the City during fiscal year 2011 as follows:

|  |                 |
|--|-----------------|
| Governmental activities:   |                 |
| General government   | \$ 266          |
| Police   | 1,697           |
| Fire   | 578             |
| Community Development  | 1,851           |
| Planning   | 110             |
| Public Works   | 17,164          |
| Community Services   | 2,558           |
| Convention, Sports and Entertainment   | 3,716           |
| Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets | 4,853           |
| Total depreciation expense – governmental activities   | <u>\$32,793</u> |
| Business-type activities:  |                 |
| Electric Utility   | \$37,772        |
| Water Utility  | 8,964           |
| Sanitation   | 2,424           |
| Golf Courses   | 568             |
| Convention, Sports and Entertainment Venues  | 12,742          |
| Total depreciation expense – business-type activities  | <u>\$62,470</u> |

### Capital leases

Included in the capital assets amounts listed above are the following capitalized leased assets:

|                                |                 |
|--------------------------------|-----------------|
|                                | Governmental    |
|                                | Activities      |
| Machinery and equipment        | \$ 3,865        |
| Less accumulated amortization  | (1,450)         |
| Capitalized leased assets, net | <u>\$ 2,415</u> |

### Operating leases

#### Housing Authority

At June 30, 2011, the Housing Authority earned revenues as the lessor of land, carried at cost of \$46,239 in the government-wide financial statements, under five operating ground leases. These leases to developers are noncancelable. Two of the leases are for a term of 55 years, expiring in 2055 and 2057. Three of the leases are for a term of 57 years, expiring in 2060, 2063 and 2064. The total base rent amounts to be collected over the terms of the leases are \$12,400, \$8,700, \$7,505, \$7,900 and \$5,200, respectively, with simple interest accruing on unpaid portions at a rate of 4.0%, 4.5%, 4.0%, 4.0% and 4.0%, respectively. Minimum lease payments are calculated annually, based on residual receipts, as defined in the lease agreements. At June 30, 2011, the Housing Authority has recorded notes receivable due from developers related to these transactions of \$9,611 and is net of allowances of \$1,806 for uncollected accounts in the government-wide financial statements.

#### Redevelopment Agency

At June 30, 2011, the Redevelopment Agency earned revenues as lessor from certain parking structure properties, carried at cost of \$9,564, less accumulated depreciation of \$8,812, under operating leases. The following is a schedule of minimum future rentals on noncancelable operating leases at June 30, 2011:

| Fiscal Year Ending June 30   |                |
|------------------------------|----------------|
| 2012                         | \$ 272         |
| 2013                         | 273            |
| 2014                         | 274            |
| 2015                         | 277            |
| 2016                         | 277            |
| 2017-2021                    | 1,404          |
| 2022-2026                    | 1,244          |
| 2027-2031                    | 1,231          |
| 2032-2034                    | 738            |
| Total minimum future rentals | <u>\$5,990</u> |

### NOTE 6 – SELF-INSURANCE:

The General Benefits and Insurance Fund, an internal service fund, is used to account for self-insured workers' compensation related benefits, self-insured general liability claims, commercial insurance purchases, alternative risk financing vehicles as well as employee compensated absences, retirement and health benefits. Revenues of the General Benefits and Insurance Fund are derived from charges to City departments using estimates of benefits earned and cost allocation charges established at the beginning of the year and from interest income on reserves.

At June 30, 2011, the City was fully funded for self-insured workers' compensation and general liability claims (self-insured retention levels of \$750 per occurrence for workers' compensation claims and \$1,000 per occurrence for general liability claims). Above these self-insured retention levels, the City's potential liability is covered through various commercial insurance and intergovernmental risk pooling programs (collectively, "Insurance"). Settled claims have not exceeded total insurance coverage in any of the past three years, nor does management believe that there are any pending claims that will exceed total insurance coverage.

The unpaid claims liability included in the General Benefits and Insurance Fund is based on the results of actuarial studies and includes amounts for claims incurred but not reported, known-claim development, and allocated loss adjustment expenses. Claims liabilities are calculated using a discount rate of 3% and consider the effects of inflation, multi-year loss development trends, and other economic and social factors. It is the City's practice to obtain full actuarial studies annually for general liability and workers' compensation coverages. Premiums are charged by the General Benefits and Insurance Fund using various allocation methods that include actual costs, trends in claims experience, exposure base, and number of participants.

Changes in claims liability of the General Benefits and Insurance Fund and that relates to the governmental funds and reported in the governmental activities in the government wide Statement of Net Assets in fiscal years 2011 and 2010 were as follows:

|  | 2011            | 2010            |
|--|-----------------|-----------------|
| Current liability at beginning of year       | \$37,756        | \$33,988        |
| Current year claims and changes in estimates | 6,293           | 10,634          |
| Claims payments                              | (8,644)         | (6,866)         |
| Claims liability at end of year              | <u>\$35,405</u> | <u>\$37,756</u> |

Above the self-insured retention of \$750 per occurrence for workers' compensation losses, the City purchases excess coverage, utilizing both commercial insurance and an intergovernmental risk pooling program (CSAC-EIA) to statutory limits.

Above the self-insured retention of \$1,000 per occurrence for liability losses, the City maintains excess coverage for all City operations to \$100,000 per occurrence, excluding helicopter operations for which the City purchases \$50,000, per occurrence, of commercial liability insurance (on a first-dollar basis). The first layer of excess liability loss coverage is procured through the Authority for California Cities Excess Liability (ACCEL), a joint powers insurance authority, formed in 1986, pooling catastrophic general, automobile, personal injury, and public officials errors and omissions liability losses among twelve California cities, through both risk-sharing and commercial insurance joint-purchase arrangements. The City, therefore, continues to maintain some limited excess liability risk sharing exposure, above \$1,000 per occurrence, directly with ACCEL. This pooled coverage has exposure (i) from the run-out periods from prior years in which commercial excess insurance was not obtained, and (ii) from an ACCEL retained layer for fiscal year 2011 of \$4,000 in excess of \$1,000. Each ACCEL member's share of pooled losses is based on a retrospectively-rated risk-sharing formula which includes, but is not limited to, exposure and loss experience factors.

In order to provide funds to pay claims, ACCEL collects a deposit from each member. The deposits are credited with investment income at the rate earned on ACCEL's investments. At June 30, 2011, ACCEL's cash and investments totaled \$38,595, of which \$6,458 consists of deposits and interest on deposits provided by the City. The City has no specific equity interest in ACCEL. Deposits provided to ACCEL by the City are expensed when paid by the General Benefits and Insurance Fund.

ACCEL is responsible for deciding the risks it will underwrite, monitoring and handling of large claims, and arranging risk-financing programs. ACCEL does not have any debt outstanding. For a copy of ACCEL's separate financial statements, contact the Finance Director of the City.

#### NOTE 7 – LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2011:

|  | Beginning Balance  | Additions/ Proceeds | Reductions/ Payments | Ending Balance     | Within One Year |
|--|--------------------|---------------------|----------------------|--------------------|-----------------|
| <b>Governmental activities:</b>                        |                    |                     |                      |                    |                 |
| Bonds payable:   |                    |                     |                      |                    |                 |
| General obligation                                     | \$ 4,255           |                     | \$ (520)             | \$ 3,735           | \$ 550          |
| City lease revenue                                     | 490,965            |                     | (9,196)              | 481,769            | 13,409          |
| Redevelopment Agency                                   | 201,680            | \$ 6,570            | (55)                 | 208,195            | 205             |
| Accretion  | 119,419            | 13,526              |                      | 132,945            |                 |
| Motorized Equipment                                    | 610                |                     | (296)                | 314                | 314             |
| Unamortized bond refunding costs/premium/discount, net | (6,425)            |                     | 1,054                | (5,371)            |                 |
| Total  | 810,504            | 20,096              | (9,013)              | 821,587            | 14,478          |
| COPs:  |                    |                     |                      |                    |                 |
| City COPs  | 12,990             |                     | (920)                | 12,070             | 985             |
| Total  | 12,990             |                     | (920)                | 12,070             | 985             |
| Capitalized lease obligations:                         |                    |                     |                      |                    |                 |
| Internal Service Funds                                 | 2,605              | 977                 | (1,241)              | 2,341              | 1,083           |
| Total  | 2,605              | 977                 | (1,241)              | 2,341              | 1,083           |
| Notes and loans payable:                               |                    |                     |                      |                    |                 |
| City   | 18,745             | 7,000               | (816)                | 24,929             | 1,124           |
| Redevelopment Agency                                   | 8,540              |                     | (644)                | 7,896              | 196             |
| Housing Authority                                      | 1,809              |                     | (68)                 | 1,741              |                 |
| Total  | 29,094             | 7,000               | (1,528)              | 34,566             | 1,320           |
| Claims liabilities (note 6)                            | 37,756             | 6,293               | (8,644)              | 35,405             | 7,831           |
| Compensated absences (note 1)                          | 20,037             | 21,263              | (21,742)             | 19,558             | 14,729          |
| Pollution Remediation Obligation                       | 1,879              |                     | (1,159)              | 720                | 720             |
| <b>Governmental activities total</b>                   | <b>914,865</b>     | <b>55,629</b>       | <b>(44,247)</b>      | <b>926,247</b>     | <b>41,146</b>   |
| <b>Business-type activities:</b>                       |                    |                     |                      |                    |                 |
| Bonds payable:   |                    |                     |                      |                    |                 |
| Electric Utility                                       | 647,365            | 90,390              | (17,825)             | 719,930            | 18,175          |
| Water Utility  | 53,010             | 34,525              | (880)                | 86,655             | 915             |
| Sanitation   | 46,935             |                     | (805)                | 46,130             | 835             |
| Convention, Sports and Entertainment Venues            | 59,287             |                     | (6,782)              | 52,505             | 6,918           |
| Unamortized bond refunding costs/premium/discount, net | (672)              | 3,590               | 545                  | 3,463              |                 |
| Total  | 805,925            | 128,505             | (25,747)             | 908,683            | 26,843          |
| COPs:  |                    |                     |                      |                    |                 |
| Convention, Sports and Entertainment Venues            | 38,000             |                     |                      | 38,000             |                 |
| Total  | 38,000             |                     |                      | 38,000             |                 |
| Notes and loans payable:                               |                    |                     |                      |                    |                 |
| Water Utility  | 11,618             |                     | (899)                | 10,719             | 892             |
| Convention, Sports and Entertainment Venues            |                    | 20,000              |                      | 20,000             | 4,720           |
| Unamortized note discount                              | (239)              |                     | 39                   | (200)              |                 |
| Total  | 11,379             | 20,000              | (860)                | 30,519             | 5,612           |
| Decommissioning provision                              | 123,893            | 3,454               |                      | 127,347            |                 |
| <b>Business-type activities total</b>                  | <b>979,197</b>     | <b>151,959</b>      | <b>(26,607)</b>      | <b>1,104,549</b>   | <b>32,455</b>   |
| <b>Government-wide total</b>                           | <b>\$1,894,062</b> | <b>\$207,588</b>    | <b>\$(70,854)</b>    | <b>\$2,030,796</b> | <b>\$73,601</b> |



**GOVERNMENTAL ACTIVITIES:****BONDS PAYABLE**

At June 30, 2011, bonds payable consisted of the following:

|   | Date Issued | Final Maturity | Range of Interest Rates at Issue Date | Authorized and Issued | Out-standing 6/30/11 |
|---|-------------|----------------|---------------------------------------|-----------------------|----------------------|
| <b>City</b>   |             |                |                                       |                       |                      |
| 1993 General Obligation Refunding Bonds                 | 11/01/93    | 10/01/16       | 4.0%-7.0%                             | \$ 10,055             | \$ 3,735             |
| 1997 Anaheim Lease Revenue Bonds                        | 2/01/97     | 3/01/37        | 4.5%-6.0%                             | 510,427               | 221,423              |
| Accretion   |             |                |                                       |                       | 132,945              |
| 2007 Anaheim Lease Revenue Refunding Bonds              | 6/13/07     | 3/01/37        | 3.25%-5.5%                            | 256,320               | 256,020              |
| 2008 Anaheim Lease Revenue Refunding Bonds              | 12/10/08    | 8/01/19        | 3.0%-5.0%                             | 5,084                 | 4,326                |
| Total   |             |                |                                       |                       | 618,449              |
| Unamortized bond refunding costs/premium/discounts, net |             |                |                                       |                       | (5,345)              |
| Total City bonds  |             |                |                                       |                       | 613,104              |
| <b>Redevelopment Agency</b>                             |             |                |                                       |                       |                      |
| 2007 Tax Allocation Refunding Bonds                     | 12/20/07    | 2/01/31        | 4.25%-6.5%                            | 201,680               | 201,680              |
| 2010 Recovery Zone Economic Development Bonds           | 12/28/10    | 2/01/31        | 1.44%-6.22%                           | 6,570                 | 6,515                |
| Unamortized bond refunding costs/premium, net           |             |                |                                       |                       | (26)                 |
| Total Redevelopment Agency bonds                        |             |                |                                       |                       | 208,169              |
| <b>Motorized Equipment</b>                              |             |                |                                       |                       |                      |
| 2008 Anaheim Lease Revenue Refunding Bonds              | 12/10/08    | 8/01/19        | 3.0%-5.0%                             | 889                   | 314                  |
| Total governmental activities bonds                     |             |                |                                       | \$991,025             | \$821,587            |

**Bonds Payable - City**General obligation refunding bonds

The 1993 General Obligation Refunding Bonds were issued to finance storm drain improvements and are payable from the levy of ad valorem taxes. Total principal and interest remaining on the bonds is \$4,212, payable through October 2016. During the fiscal year ended June 30, 2011, total principal and interest paid was \$690.

Debt service requirements to maturity for the 1993 General Obligation Refunding Bonds to be paid by the General Obligation Bonds Debt Service Fund from future property tax revenues are as follows:

| Fiscal Year Ending 6/30 | Principal | Interest | Total   |
|-------------------------|-----------|----------|---------|
| 2012                    | \$ 550    | \$145    | \$ 695  |
| 2013                    | 580       | 118      | 698     |
| 2014                    | 610       | 92       | 702     |
| 2015                    | 635       | 67       | 702     |
| 2016                    | 660       | 41       | 701     |
| 2017                    | 700       | 14       | 714     |
| Total                   | \$3,735   | \$477    | \$4,212 |

Lease payment measurement revenues

In February 1997, the Anaheim Public Financing Authority sold \$510,427 of lease revenue bonds to construct public improvements in The Anaheim Resort. In June 2007, the Authority sold \$256,320 of lease revenue bonds to defease \$248,335 of the 1997 lease revenue bonds. The bonds are special obligations of the Authority payable solely from lease payments to be made by the City to the Authority for the use and occupancy of the leased premises. Debt service requirements to maturity for these lease revenue bonds are paid from lease payment measurement revenues (LPMR) defined as amounts equal to: 1) 3% of the 15% transient occupancy taxes (TOT) (i.e. 20% of the total transient occupancy taxes) for all hotel properties in the City, excluding Disney properties, and 2) 100% of the incremental TOT, sales, and property tax revenues from all Disney properties over the 1995 base, adjusted each year by the CPI change, with a minimum 2% increase annually. The City is not required to pay any additional sums should the LPMR fall short of the amount required to pay debt service on the bonds. The Walt Disney Company provided a guarantee to the bond insurer to enable the issuer to obtain municipal bond insurance.

LPMR began on January 1, 2001, with the first payment made to the trustee on July 7, 2001, for the LPMR generated during the period January through June 2001. Subsequent to that date, LPMR is collected and remitted to the trustee monthly. During the fiscal year ended June 30, 2011, \$28,368 was remitted to the trustee.

Debt service requirements to maturity for the 1997 Anaheim Lease Revenue Bonds, and the 2007 Anaheim Lease Revenue Refunding Bonds to be paid by the Anaheim Resort Improvements Debt Service Fund from future LPMR is as follows:

| Fiscal Year Ending 6/30   | Principal | Interest  | Total       |
|---------------------------|-----------|-----------|-------------|
| 2012                      | \$ 12,995 | \$ 18,636 | \$ 31,631   |
| 2013                      | 14,705    | 17,828    | 32,533      |
| 2014                      | 16,540    | 16,917    | 33,457      |
| 2015                      | 18,510    | 15,894    | 34,404      |
| 2016                      | 20,630    | 14,750    | 35,380      |
| 2017-2021                 | 72,493    | 123,141   | 195,634     |
| 2022-2026                 | 74,915    | 152,849   | 227,764     |
| 2024-2031                 | 89,630    | 173,391   | 263,021     |
| 2032-2036                 | 108,557   | 194,309   | 302,866     |
| 2037                      | 48,468    | 57,132    | 105,600     |
| Total                     | 477,443   | 784,847   | 1,262,290   |
| Unamortized bond discount | (4,963)   |           | (4,966)     |
| Total bonds               | \$472,480 | \$784,847 | \$1,257,324 |

Included in interest is \$132,945 related to accretion on capital appreciation bonds.

#### Lease revenue refunding bonds – City

Debt service requirements to maturity for the City's lease revenue bonds to be paid from unrestricted revenues of the Municipal Facilities Debt Service Fund are as follows:

| <u>Fiscal Year Ending 6/30</u> | <u>Principal</u>      | <u>Interest</u>      | <u>Total</u>          |
|--------------------------------|-----------------------|----------------------|-----------------------|
| 2012                           | \$ 414                | \$ 187               | \$ 601                |
| 2013                           | 429                   | 170                  | 599                   |
| 2014                           | 460                   | 151                  | 611                   |
| 2015                           | 479                   | 131                  | 610                   |
| 2016                           | 506                   | 111                  | 617                   |
| 2017-2020                      | 2,038                 | 209                  | 2,247                 |
| <b>Total</b>                   | <b>4,326</b>          | <b>959</b>           | <b>5,285</b>          |
| Unamortized bond discount      | (382)                 |                      | (382)                 |
| <b>Total bonds</b>             | <b><u>\$3,944</u></b> | <b><u>\$ 959</u></b> | <b><u>\$4,903</u></b> |

#### **Bonds Payable - Redevelopment Agency**

##### 2007 Tax Allocation Refunding Bonds

The City's Redevelopment Agency has pledged future tax increment revenues net of certain pass-through payments and other senior debt obligations (Redevelopment Agency Savi Ranch Associates note and HUD Section 108 guaranteed loans) to repay a total of \$355,257, principal and interest, outstanding tax allocation bonds issued in December 2007. Proceeds from bonds provided financing for public improvements related to the merged project areas, for the supply of low-and moderate-income housing within the City, to repay certain Redevelopment Agency loan obligations and to advance refund the 1992, 1997 and 2000 bonds. The bonds are payable solely from future tax increments revenues and are payable through February 2031. During the fiscal year ended June 30, 2011, total interest paid and total tax increment revenues were \$10,766 and \$40,530 respectively.

Debt service requirements to maturity for the Redevelopment Agency Tax Allocation bonds to be paid by the Redevelopment Agency Debt Service Fund from future tax increment revenue are as follows:

| <u>Fiscal Year Ending 6/30</u>                 | <u>Principal</u>        | <u>Interest</u>         | <u>Total</u>            |
|--|-------------------------|-------------------------|-------------------------|
| 2012   |                         | \$ 10,766               | \$ 10,766               |
| 2013   |                         | 10,766                  | 10,766                  |
| 2014   | \$ 1,860                | 10,766                  | 12,626                  |
| 2015   | 2,205                   | 10,659                  | 12,864                  |
| 2016   | 3,280                   | 10,532                  | 13,812                  |
| 2017-2021                                      | 39,950                  | 47,990                  | 87,940                  |
| 2022-2027                                      | 56,170                  | 35,602                  | 91,772                  |
| 2027-2031                                      | 98,215                  | 16,496                  | 114,711                 |
| <b>Total</b>                                   | <b>201,680</b>          | <b>153,577</b>          | <b>355,257</b>          |
| Unamortized bond refunding costs/discount, net | (26)                    |                         | (26)                    |
| <b>Total bonds</b>                             | <b><u>\$201,654</u></b> | <b><u>\$153,577</u></b> | <b><u>\$355,231</u></b> |

#### 2010 Recovery Zone Economic Development Bonds

The City's Redevelopment Agency has pledged future tax increment revenues net of the 30% Housing Set-Aside share, certain pass-through payments, and other senior debt obligations (Redevelopment Agency Savi Ranch Associates note and HUD Section 108 guaranteed loans) to repay a total of \$11,550 principal and interest, outstanding Recovery Zone Economic Development Bonds issued in October 2010. Proceeds from the bonds provided financing for public improvements related to the merged project areas. The bonds are payable solely from future tax increment revenues and are payable through February 2031. During the fiscal year ended June 30, 2011, total interest paid and total tax increment revenues were \$151 and \$26,561 respectively.

Debt service requirements to maturity for the Redevelopment Agency Taxable Recovery Zone Development bonds to be paid by the Redevelopment Agency Debt Service Fund from future tax increment revenue are as follows:

| <u>Fiscal Year Ending 6/30</u> | <u>Principal</u>      | <u>Interest</u>       | <u>Total</u>           |
|--------------------------------|-----------------------|-----------------------|------------------------|
| 2012                           | \$ 205                | \$ 371                | \$ 576                 |
| 2013                           | 210                   | 367                   | 577                    |
| 2014                           | 215                   | 361                   | 576                    |
| 2015                           | 225                   | 354                   | 579                    |
| 2016                           | 230                   | 346                   | 576                    |
| 2017-2021                      | 1,325                 | 1,563                 | 2,888                  |
| 2022-2027                      | 1,735                 | 1,155                 | 2,890                  |
| 2027-2031                      | 2,370                 | 518                   | 2,888                  |
| <b>Total bonds</b>             | <b><u>\$6,515</u></b> | <b><u>\$5,035</u></b> | <b><u>\$11,550</u></b> |

#### **Bonds Payable – Motorized Equipment**

Debt service requirements to maturity for Motorized Equipment lease revenue bonds to be paid by the Motorized Equipment Internal Service Fund from future revenues are as follows:

| <u>Fiscal Year Ending 6/30</u> | <u>Principal</u>    | <u>Interest</u>    | <u>Total</u>        |
|--------------------------------|---------------------|--------------------|---------------------|
| 2012                           | \$314               | \$ 7               | \$321               |
| <b>Total bonds</b>             | <b><u>\$314</u></b> | <b><u>\$ 7</u></b> | <b><u>\$321</u></b> |

#### **CERTIFICATES OF PARTICIPATION**

At June 30, 2011, certificates of participation consisted of the following:

|                                    | <u>Date Issued</u> | <u>Final Maturity</u> | <u>Range of Interest Rates at Issue Date</u> | <u>Authorized and Issued</u> | <u>Out-standing 6/30/11</u> |
|------------------------------------|--------------------|-----------------------|--|------------------------------|-----------------------------|
| <b>City</b>                        |                    |                       |  |                              |                             |
| 1993 Arena Land Refinancing        | 11/01/93           | 11/01/19              | 5.9%-7.50%                                   | 21,210                       | \$12,070                    |
| Total governmental activities COPs |                    |                       |  |                              | <u>\$12,070</u>             |

**Certificates of Participation Payable – City**

Certificates of participation debt service payments are to be paid from unrestricted revenues of the Certificates of Participation Debt Service Fund. COP debt service requirements to maturity are as follows:

| Fiscal Year Ending 6/30 | Principal       | Interest       | Total           |
|-------------------------|-----------------|----------------|-----------------|
| 2012                    | \$ 985          | \$ 753         | \$ 1,738        |
| 2013                    | 1,065           | 686            | 1,751           |
| 2014                    | 1,140           | 614            | 1,754           |
| 2015                    | 1,225           | 537            | 1,762           |
| 2016                    | 1,315           | 455            | 1,770           |
| 2017-2020               | 6,340           | 861            | 7,201           |
| Total COPs              | <u>\$12,070</u> | <u>\$3,906</u> | <u>\$15,976</u> |

**CAPITAL LEASE OBLIGATIONS**

The City has a long-term noncancelable agreement with HP Financial Services to finance the acquisition of the City's server, desktop, and portable computer equipment. The agreement qualifies as a capital lease for accounting purposes as defined under the FASB Statement No. 13, Accounting for Leases, and therefore has been recorded at the present value of future minimum lease payments at the date of inception of the lease. Future minimum lease payments to be made from unrestricted revenues of the Information Services Internal Service Fund under the capital lease are as follows:

| Fiscal Year Ending 6/30                        |                 |
|--|-----------------|
| 2012   | \$ 1,165        |
| 2013   | 916             |
| 2014   | 458             |
| 2015   | 12              |
| Total  | 2,551           |
| Less amount representing interest, variable    | (210)           |
| Present value of future minimum lease payments | <u>\$ 2,341</u> |

**NOTES AND LOANS PAYABLE**

At June 30, 2011, notes and loans payable are as follows:

**Notes and Loans Payable – City**HUD Section 108 guaranteed loans payable

In May 2003, the City entered into an agreement with HUD, making available \$10,000 to provide financial assistance related to the development of Westgate on a former landfill site located at the northeast corner of Beach Boulevard and Lincoln

Avenue. The loan is payable from sales tax revenue generated by Westgate, from The Community Development Block Grant yearly entitlement, and from the Redevelopment Agency's property tax increment and project participation revenues generated by Westgate. The outstanding balance at June 30, 2011 was \$8,711. The loan bears interest ranging from 1.74% to 5.97% and is payable over 20 years beginning on February 1, 2005, until August 1, 2023. Loan debt service requirements to maturity is as follows:

| Fiscal Year Ending 6/30 | Principal      | Interest       | Total           |
|-------------------------|----------------|----------------|-----------------|
| 2012                    | \$ 397         | \$ 469         | \$ 866          |
| 2013                    | 435            | 450            | 885             |
| 2014                    | 478            | 427            | 905             |
| 2015                    | 517            | 402            | 919             |
| 2016                    | 561            | 374            | 935             |
| 2017-2021               | 3,711          | 1,312          | 5,023           |
| 2022-2026               | 2,612          | 221            | 2,833           |
| Total notes and loans   | <u>\$8,711</u> | <u>\$3,655</u> | <u>\$12,366</u> |

In March 2010, the City entered into an agreement with HUD, making available \$15,000 to fund the acquisitions of the Anaheim Family Justice Center and Miraloma Park site, construction of the Thornton Brady storm drain and the rehabilitation of the historic Packing House site. The loan is payable from the Community Development Block Grant yearly entitlement and from the Redevelopment Agency's property tax increment. The outstanding balance of the loan at June 30, 2011, was \$14,655. The loan bears interest ranging from 1.74% to 3.97% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. Loan debt service requirements to maturity are as follows:

| Fiscal Year Ending 6/30 | Principal       | Interest       | Total           |
|-------------------------|-----------------|----------------|-----------------|
| 2012                    | \$ 605          | \$ 483         | \$ 1,088        |
| 2013                    | 605             | 478            | 1,083           |
| 2014                    | 615             | 471            | 1,086           |
| 2015                    | 625             | 462            | 1,087           |
| 2016                    | 640             | 449            | 1,089           |
| 2017-2021               | 3,455           | 1,962          | 5,417           |
| 2022-2026               | 4,040           | 1,297          | 5,337           |
| 2027-2031               | 4,070           | 392            | 4,462           |
| Total notes and loans   | <u>\$14,655</u> | <u>\$5,994</u> | <u>\$20,649</u> |

Helicopter loan payable

In January 2009, the City entered into an agreement with Government Capital Corporation to finance the acquisition of a police helicopter. The amount of the loan totaled \$1,799 and bears interest at 5.391% per annum for a term of 12 years. Principal and interest payments of \$206 are due annually beginning on December

16, 2009, until December 16, 2020. The outstanding balance at June 30, 2011 was \$1,563. Loan debt service requirements to maturity are as follows:

| Fiscal Year Ending 6/30 | Principal      | Interest     | Total          |
|-------------------------|----------------|--------------|----------------|
| 2012                    | \$ 122         | \$ 84        | \$ 206         |
| 2013                    | 129            | 77           | 206            |
| 2014                    | 136            | 70           | 206            |
| 2015                    | 143            | 63           | 206            |
| 2016                    | 151            | 56           | 207            |
| 2017-2021               | 882            | 149          | 1,031          |
| Total notes and loans   | <u>\$1,563</u> | <u>\$499</u> | <u>\$2,062</u> |

#### Notes and Loans Payable – Redevelopment Agency

##### Redevelopment Agency Savi Ranch Associates note payable

In July 1989, the Redevelopment Agency executed a note with Savi Ranch Associates, a California general partnership. The amount of the note totaled \$2,707 and bears interest at 9.5% per annum. The note is payable from net property tax increment as defined in the Redevelopment Agency note. If there is insufficient property tax increment to pay for principal and interest at the termination of the River Valley project area plan in November 2031, the note ceases to be an obligation of the Redevelopment Agency. For the fiscal year ended June 30, 2011, total interest paid and tax increment revenues were \$259 and \$259 respectively.

##### Redevelopment Agency contractual obligations

As part of the Redevelopment Agency's economic development program to attract and retain businesses in the City, the Redevelopment Agency has entered into various contractual obligations. Generally, the Redevelopment Agency reimburses the business for its tenant improvement costs from property tax increment revenues received by the Redevelopment Agency. At June 30, 2011, the outstanding balance of these obligations totaled \$180.

California State Teachers Retirement System (CALSTRS) has entered into an agreement, dated December 15, 1992, with the Agency to share in the development costs of the Plaza Redevelopment Project. In March 2004, CALSTRS assigned the agreement to the new owners, Pan Pacific Retail Properties, Inc. (PPRP). In October 2006, Kimco Realty Corporation (KRC) acquired PPRP including the assumption of the assigned plaza project agreement. The KRC participation note bears 7% simple

interest rate, and has a maximum term of 25 years. The Redevelopment Agency's obligation to repay the note is entirely contingent on the revenues generated by the project. The note will be forgiven at the end of the term whether or not the entire amount has been repaid. At June 30, 2011, the outstanding balance of the participation note was \$4,615.

The Redevelopment Agency entered into a purchase and sale agreement dated November 24, 2002, with a property owner for the purchase of a future commercial development site located at 1687 West Lincoln Avenue for \$900. One half of the purchase price or \$450 was paid in cash and the balance of \$450 by a promissory note bearing 6% simple interest per annum. The note is payable over 10 years at \$3 per month with a balloon payment of \$379 on its maturity date of March 1, 2013. The outstanding balance of this note at June 30, 2011 was \$394.

Debt service requirements to maturity for the Redevelopment Agency notes payable and contractual commitments to be paid from future revenues are as follows:

| Fiscal Year Ending 6/30 | Principal      | Interest        | Total           |
|-------------------------|----------------|-----------------|-----------------|
| 2012                    | \$ 196         | \$ 673          | \$ 869          |
| 2013                    | 657            | 598             | 1,255           |
| 2014                    | 304            | 571             | 875             |
| 2015                    | 335            | 559             | 894             |
| 2016                    | 369            | 546             | 915             |
| 2017-2021               | 3,328          | 2,357           | 5,685           |
| 2022-2026               |                | 1,901           | 1,901           |
| 2027-2031               | 72             | 2,132           | 2,204           |
| 2032-2033               | 2,635          | 104             | 2,739           |
| Total notes and loans   | <u>\$7,896</u> | <u>\$ 9,441</u> | <u>\$17,337</u> |

#### Notes and Loans Payable – Housing Authority

##### Housing Authority CHFA loan agreements

In October 2003 and October 2007, the Housing Authority entered into separate loan agreements with the California Housing Finance Agency (CHFA), to provide funding for down payment assistance to first-time homebuyers. The 2003 loan is for an amount up to \$1,800 and bears 3% simple interest, with principal and accrued interest due in October 2013. At June 30, 2011, the outstanding balance of the 2003 loan was \$707. The 2007 note is for an amount up to \$1,250 and bears 3.5% interest with principal and accrued interest due in October 2017. At June 30, 2011, the outstanding balance of the 2007 loan was \$1,034.

**BUSINESS-TYPE ACTIVITIES:****BONDS PAYABLE**

|  | Date Issued | Final Maturity | Range of Interest Rates at Issue Date | Authorized and Issued | Out-standing 6/30/11 |
|--|-------------|----------------|---------------------------------------|-----------------------|----------------------|
| <b>Electric Utility</b>                            |             |                |                                       |                       |                      |
| 1998 Revenue Bonds                                 | 5/01/98     | 10/01/28       | 4.75%-5.0%                            | \$ 65,000             | \$ 1,770             |
| 1999 Revenue Bonds                                 | 9/01/99     | 10/01/27       | 3.0%-5.0%                             | 45,000                | 36,925               |
| 2002 Revenue Bonds                                 | 2/15/02     | 10/01/31       | 3.3%-5.25%                            | 178,705               | 168,065              |
| 2003 Revenue Bonds                                 | 4/01/03     | 10/01/22       | 3.0%-5.0%                             | 60,415                | 35,240               |
| 2004 Revenue Bonds                                 | 6/01/04     | 10/01/34       | 2.5%-5.25%                            | 131,265               | 116,520              |
| 2007 Revenue Bonds                                 | 2/01/07     | 10/01/37       | 4.0%-5.0%                             | 206,035               | 202,120              |
| 2009 Revenue Bonds                                 | 3/10/09     | 10/01/39       | 3.0%-5.25%                            | 70,000                | 68,900               |
| 2011 Revenue Bonds                                 | 5/11/11     | 10/01/36       | 3.0%-5.375%                           | 90,390                | 90,390               |
| Total  |             |                |                                       |                       | 719,930              |
| Unamortized bond refunding costs/premium, net      |             |                |                                       |                       | 5,261                |
| Total Electric Utility                             |             |                |                                       |                       | <u>725,191</u>       |
| <b>Water Utility</b>                               |             |                |                                       |                       |                      |
| 2004 Revenue Bonds                                 | 5/01/04     | 10/01/16       | 4.0%-4.5%                             | 12,105                | 3,550                |
| 2008 Revenue Bonds                                 | 7/09/08     | 10/01/38       | 4.0%-5.0%                             | 48,580                | 48,580               |
| 2010 Revenue Bonds                                 | 10/28/10    | 10/01/40       | 2.0%-4.75%                            | 34,525                | 34,525               |
| Total  |             |                |                                       |                       | 86,655               |
| Unamortized bond refunding costs/premium, net      |             |                |                                       |                       | 546                  |
| Total Water Utility                                |             |                |                                       |                       | <u>87,201</u>        |
| <b>Sanitation</b>                                  |             |                |                                       |                       |                      |
| 2007 Revenue Bonds                                 | 5/23/07     | 2/01/39        | 3.9%-5.0%                             | 47,710                | 46,130               |
| Unamortized bond premium                           |             |                |                                       |                       | 1,220                |
| Total Sanitation                                   |             |                |                                       |                       | <u>47,350</u>        |
| <b>Convention, Sports and Entertainment Venues</b> |             |                |                                       |                       |                      |
| 2002 Revenue Bonds                                 | 7/02/02     | 8/01/23        | 3.0%-5.5%                             | 26,260                | 12,800               |
| 2008 Anaheim Lease Revenue Refunding Bonds         | 12/10/08    | 8/01/19        | 3.0%-5.0%                             | 45,847                | 39,705               |
| Total  |             |                |                                       |                       | 52,505               |
| Unamortized bond refunding costs/premium, net      |             |                |                                       |                       | (3,564)              |
| Total Convention, Sports and Entertainment Venues  |             |                |                                       |                       | 48,941               |
| Total business-type activities bonds               |             |                |                                       | <u>\$1,061,837</u>    | <u>\$908,683</u>     |

**Bonds Payable - Electric Utility**

The City's Electric Utility has pledged future electric revenues, net of certain costs, to repay a total of \$1,226,981 outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The Electric Utility's bonds are payable solely from electric customer net revenues and are payable through 2040. At June 30, 2011, the annual principal and interest payments on the bonds were less than 55.8% of net revenues. Principal and interest paid for the current fiscal year and total net revenues were \$48,650 and \$87,251 respectively.

Bond debt service requirements to maturity for the Electric Utility to be paid from revenues are as follows:

| Fiscal Year Ending 6/30                       | Principal        | Interest         | Total              |
|---|------------------|------------------|--------------------|
| 2012  | \$ 18,175        | \$ 34,104        | \$ 52,279          |
| 2013  | 18,995           | 33,816           | 52,811             |
| 2014  | 19,765           | 32,944           | 52,709             |
| 2015  | 20,745           | 31,975           | 52,720             |
| 2016  | 21,725           | 30,969           | 52,694             |
| 2017-2021                                     | 123,800          | 136,984          | 260,784            |
| 2022-2026                                     | 133,085          | 105,742          | 238,827            |
| 2027-2031                                     | 169,700          | 68,650           | 238,350            |
| 2032-2036                                     | 140,730          | 28,527           | 169,257            |
| 2037-2040                                     | 53,210           | 3,340            | 56,550             |
| Total   | 719,930          | 507,051          | 1,226,981          |
| Unamortized bond refunding costs/premium, net | 5,261            |                  | 5,261              |
| Total bonds                                   | <u>\$725,191</u> | <u>\$507,051</u> | <u>\$1,232,242</u> |

**Bonds Payable - Water Utility**

The City's Water Utility has pledged future revenues from the sale of water, net of certain costs, to repay a total of \$173,856 for outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The bonds are payable solely from water net revenues and are payable through 2041. At June 30, 2011, the annual principal and interest payments on the bonds were less than 33.2% of net revenues. Principal and interest paid for current fiscal year and total net revenues were \$4,155 and \$12,523 respectively.

Bond debt service requirements to maturity for the Water Utility to be paid from revenues are as follows:

| Fiscal Year Ending 6/30                       | Principal       | Interest        | Total            |
|---|-----------------|-----------------|------------------|
| 2012  | \$ 915          | \$ 4,292        | \$ 5,207         |
| 2013  | 950             | 4,255           | 5,205            |
| 2014  | 920             | 4,217           | 5,137            |
| 2015  | 960             | 4,178           | 5,138            |
| 2016  | 1,000           | 4,135           | 5,135            |
| 2017-2021                                     | 5,680           | 20,013          | 25,693           |
| 2022-2026                                     | 12,830          | 18,084          | 30,914           |
| 2027-2031                                     | 16,585          | 14,510          | 31,095           |
| 2032-2036                                     | 20,770          | 9,801           | 30,571           |
| 2037-2041                                     | 26,045          | 3,716           | 29,761           |
| Total   | 86,655          | 87,201          | 173,856          |
| Unamortized bond refunding costs/premium, net | 546             |                 | 546              |
| Total bonds                                   | <u>\$87,201</u> | <u>\$87,201</u> | <u>\$174,402</u> |

#### Bonds Payable – Sanitation

The City has pledged future Sanitation system net revenues to pay a total of \$83,923 for revenue bonds issued in May 2007. Proceeds from the bonds provided financing for capital improvements to the sanitation sewer collection system. The bonds are payable solely from system net revenues and are payable through February 2039. At June 30, 2011, total principal and interest payments on the bonds were less than 38.5% of net revenues. Total principal and interest paid and total system net revenues for the current fiscal year were \$2,998 and \$7,783 respectively.

Bond debt service requirements to maturity for Sanitation to be paid from revenues are as follows:

| Fiscal Year Ending 6/30  | Principal       | Interest        | Total           |
|--------------------------|-----------------|-----------------|-----------------|
| 2012                     | \$ 835          | \$ 2,160        | \$ 2,995        |
| 2013                     | 880             | 2,119           | 2,999           |
| 2014                     | 920             | 2,079           | 2,999           |
| 2015                     | 955             | 2,042           | 2,997           |
| 2016                     | 1,005           | 1,994           | 2,999           |
| 2017-2021                | 5,720           | 9,264           | 14,984          |
| 2022-2026                | 7,225           | 7,762           | 14,987          |
| 2027-2031                | 9,020           | 5,964           | 14,984          |
| 2032-2036                | 11,370          | 3,618           | 14,988          |
| 2037-2039                | 8,200           | 791             | 8,991           |
| Total                    | 46,130          | 37,793          | 83,923          |
| Unamortized bond premium | 1,220           |                 | 1,220           |
| Total bonds              | <u>\$47,350</u> | <u>\$37,793</u> | <u>\$85,143</u> |

#### Bonds Payable – Convention, Sports and Entertainment Venues

Bond debt service requirements to maturity for the Convention, Sports and Entertainment Venues to be paid from revenues are as follows:

| Fiscal Year Ending 6/30                       | Principal       | Interest        | Total           |
|---|-----------------|-----------------|-----------------|
| 2012  | \$ 6,918        | \$ 2,310        | \$ 9,228        |
| 2013  | 7,756           | 1,962           | 9,718           |
| 2014  | 8,120           | 1,579           | 9,699           |
| 2015  | 4,995           | 1,280           | 6,275           |
| 2016  | 4,424           | 1,091           | 5,515           |
| 2017-2020                                     | 20,122          | 2,103           | 22,225          |
| 2021-2024                                     | 170             | 14              | 184             |
| Total   | 52,505          | 10,339          | 62,844          |
| Unamortized bond refunding costs/premium, net | (3,564)         |                 | (3,564)         |
| Total bonds                                   | <u>\$48,941</u> | <u>\$10,339</u> | <u>\$59,280</u> |

#### CERTIFICATES OF PARTICIPATION

|  | Date Issued | Final Maturity | Range of Interest Rates at Issue Date | Authorized and Issued | Out-standing 6/30/11 |
|--|-------------|----------------|---------------------------------------|-----------------------|----------------------|
| <b>Convention, Sports and Entertainment Venues</b> |             |                |                                       |                       |                      |
| 1992 Convention Center                             |             |                |                                       |                       |                      |
| Financing Project                                  | 1/01/92     | 8/01/23        | 3.9%--6.4%                            | \$ 92,777             | <u>\$38,000</u>      |
| Total Convention, Sports and Entertainment Venues  |             |                |                                       |                       | <u>\$38,000</u>      |

#### Certificates of Participation Payable – Convention, Sports and Entertainment Venues

Certificates of participation debt service requirements to maturity for the Convention, Sports and Entertainment Venues Fund to be paid from unrestricted revenues are as follows:

| Fiscal Year Ending 6/30 | Principal       | Interest        | Total           |
|-------------------------|-----------------|-----------------|-----------------|
| 2012                    |                 | \$ 2,350        | \$ 2,350        |
| 2013                    |                 | 2,350           | 2,350           |
| 2014                    |                 | 2,350           | 2,350           |
| 2015                    | \$ 3,500        | 2,345           | 5,845           |
| 2016                    | 4,500           | 1,895           | 6,395           |
| 2017-2021               | 27,100          | 4,685           | 31,785          |
| 2022-2024               | 2,900           | 206             | 3,106           |
| Total COPs              | <u>\$38,000</u> | <u>\$16,181</u> | <u>\$54,181</u> |

**NOTES PAYABLE****Note Payable – Water Utility**

At June 30, 2011, notes payable are as follows:

State of California Revolving Fund note payable

In June 2001, the Water Utility executed a note payable to the State of California Revolving Fund at a rate of 2.8% in the amount of \$18,063. There are semi-annual payments of principal and interest in the amount of \$592 through July 31, 2021. The outstanding balance on this note at June 30, 2011, totaled \$10,719.

Notes debt service requirements to maturity for the Water Utility are as follows:

| <u>Fiscal Year Ending 6/30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>    |
|--------------------------------|------------------|-----------------|-----------------|
| 2012                           | \$ 892           | \$ 293          | \$ 1,185        |
| 2013                           | 917              | 268             | 1,185           |
| 2014                           | 943              | 242             | 1,185           |
| 2015                           | 969              | 216             | 1,185           |
| 2016                           | 996              | 189             | 1,185           |
| 2017-2021                      | 5,418            | 506             | 5,924           |
| 2022                           | 584              | 8               | 592             |
| Total                          | 10,719           | 1,722           | 12,441          |
| Unamortized note discount      | (200)            |                 | (200)           |
| Total notes and loans          | <u>\$10,519</u>  | <u>\$1,722</u>  | <u>\$12,241</u> |

**Note Payable – Convention, Sports and Entertainment Venues**Wells Fargo Bank lease revenue note

In December 2010, the City executed a lease revenue note with the Wells Fargo Bank, National Association to provide financing for the capital improvements of the Anaheim Convention Center Grand Plaza. Principal amount of the note is \$20,000 and bears a 1.85% interest per annum. The note is payable monthly, commencing in January 2011 and matures in December 2014.

Note debt service requirements to maturity to be paid from the unrestricted revenues of the Convention, Sports and Entertainment Venues Fund are as follows:

| <u>Fiscal Year Ending 6/30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>    |
|--------------------------------|------------------|-----------------|-----------------|
| 2012                           | \$ 4,720         | \$ 326          | \$ 5,046        |
| 2013                           | 5,000            | 237             | 5,237           |
| 2014                           | 5,095            | 143             | 5,238           |
| 2015                           | 5,185            | 48              | 5,233           |
| Total note                     | <u>\$20,000</u>  | <u>\$ 754</u>   | <u>\$20,754</u> |

**ARBITRAGE**

The Tax Reform Act of 1986 (Act) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt, and now requires the City to calculate and remit rebatable arbitrage earnings to the Internal Revenue Service. Certain of the City's debt and interest earned on the proceeds thereof are subject to the requirements of the Act. The City has accrued a liability for estimated rebatable arbitrage earnings and has set aside such earnings as restricted cash. At June 30, 2011, the arbitrage rebate liability for governmental and business-type activities was zero and \$534 respectively.

**DEBT ISSUANCES****City – Debt Issuance**

In July 2010, the City received the remaining \$7,000 of the total \$15,000 HUD Section 108 loan. Proceeds of the loan provide financing for the rehabilitation of the historic Packing House site. Total debt service payments over the life of the \$7,000 loan until fiscal year 2031 will be \$9,873.

**Redevelopment Agency – Debt Issuance**

In October 2010, the Redevelopment Agency issued taxable Recovery Zone Economic Development Bonds in the principal amount of \$6,570. The proceeds totaled \$6,532, of which \$5,782 was deposited in an acquisition fund to provide financing for public improvements related to the merged project areas, \$657 was deposited in the required reserve fund, and \$93 was used to pay the costs of issuance. The total debt service payments over the life of the bonds until fiscal year 2031 will be \$11,701.

The Redevelopment Agency will receive a cash subsidy payment from the federal government equal to 45% of the interest cost on the Recovery Zone Economic Development Bonds as principal and interest payments are made.

**Electric Utility – Debt Issuance**

In May 2011, the Electric Utility issued revenue bonds in the principal amount of \$90,390. The proceeds totaled \$93,262, of which \$85,004 was deposited in construction fund to finance electric distribution system improvements and a customer information system, \$7,500 was deposited in the required reserve fund and \$758 was deposited in the cost of issuance fund. The total debt service payments over the life of the bonds until fiscal year 2037 will be \$170,370.

**Water Utility – Debt Issuance**

In October 2010, the Water Utility issued revenue bonds Series 2010-A and 2010-B in an aggregate principal amount of \$34,525. The aggregate proceeds totaled \$35,243, of which \$34,827 was deposited in a project acquisition fund to finance capital improvements to the Water Utility's infrastructure and \$416 was deposited in the cost of issuance fund. The total debt service payments over the life of the bonds until fiscal year 2041 will be \$75,927.

The Series 2010-A bonds were issued as tax-exempt bonds in the amount of \$4,835. The Series-B bonds were issued in the amount of \$29,690 as federally taxable Build America Bonds. The Water Utility will receive a cash subsidy payment from the federal government amounting to 35% of the interest cost on the Build America Bonds as principal and interest payments are made.

**Convention, Sports and Entertainment Venues – Debt Issuance**

In December 2010, the City issued a revenue note in the principal amount of \$20,000. \$19,840 of the note proceeds were deposited in a construction fund to finance capital improvements of the Convention Center Grand Plaza and \$160 was used to pay the costs of issuance. The total debt service payment over the life of the note until fiscal year 2015 will be \$20,924.

**Debt Defeased**

Certain bonds and certificates of participation defeased by the City prior to June 30, 2011, are summarized below:

|  | Outstanding<br>6/30/11 |
|--|------------------------|
| <b>Redevelopment Agency</b>                                  |                        |
| 1986 Tax Allocation Refunding Bonds                          | \$38,410               |
| <b>Electric Utility</b>                                      |                        |
| Electric System Certificates of Participation, issue of 1997 | \$ 725                 |

In each of these refundings, the proceeds of the refunding issues were placed in irrevocable escrow accounts and invested in government securities that, together with interest earnings thereon, will provide amounts sufficient for future payments of interest and principal on the issues refunded. Refunded debt is not included in the City's accompanying basic financial statements as the City has satisfied its obligation through the in-substance defeasance of these issues.

**CONDUIT FINANCINGS****City**

The City has entered into two conduit financings on behalf of a community care provider facility and one to facilitate the management agreement for the Honda Center (formerly the Arrowhead Pond) of Anaheim. In accordance with applicable agreements, the City has no obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Bonds payable and certificates of participation related to conduit financings outstanding at June 30, 2011, were as follows:

|   | Date<br>Issued | Final<br>Maturity | Amount<br>Issued | Outstanding<br>6/30/11 |
|---|----------------|-------------------|------------------|------------------------|
| 1985 West Anaheim<br>Convalescent Home        | 12/30/85       | 12/01/15          | \$ 3,204         | \$ 1,419               |
| 1993 Anaheim Memorial<br>Hospital Association | 10/15/93       | 05/15/20          | 46,690           | 23,415                 |
| 2003 Anaheim Arena<br>Financing Project       | 12/11/03       | 06/01/23          | <u>42,600</u>    | <u>34,500</u>          |
| Total   |                |                   | <u>\$92,494</u>  | <u>\$59,334</u>        |

**Anaheim Housing Authority**

The Anaheim Housing Authority has entered into conduit debt financings on behalf of various developers to assist with the acquisition, construction, equipping, rehabilitation and refinancing of multifamily residential rental projects within the City of Anaheim. In accordance with the bond documents, neither the City nor the Housing Authority has an obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Housing Authority revenue bonds related to conduit financings outstanding at June 30, 2011, were as follows:

|  | Date<br>Issued | Final<br>Maturity | Amount<br>Issued | Outstanding<br>6/30/11 |
|--|----------------|-------------------|------------------|------------------------|
| 1985 West Anaheim Royale                   | 12/01/85       | 12/01/15          | \$ 4,664         | \$ 2,074               |
| 1992 Heritage Village Park                 | 11/12/92       | 11/12/07          | 8,485            | 5,485                  |
| 1997 Casa Granada Apartments               | 05/15/97       | 05/15/27          | 3,795            | 3,095                  |
| 1997 Monterey Apartments                   | 05/15/97       | 05/15/27          | 4,545            | 3,645                  |
| 1997 Port Trinidad Apartments              | 05/15/97       | 05/15/27          | 2,140            | 1,740                  |
| 1998 Sage Park Project                     | 11/01/98       | 11/01/28          | 5,500            | 5,500                  |
| 2000 Cobblestone Apartments                | 07/20/00       | 03/15/33          | 3,980            | 3,580                  |
| 2000 Park Vista Apartments                 | 07/24/00       | 07/01/33          | 27,180           | 27,180                 |
| 2000 Seawinds Apartments                   | 07/20/00       | 07/15/33          | 7,000            | 6,300                  |
| 2001 Solara Court Apartments               | 01/01/01       | 12/01/34          | 8,200            | 5,744                  |
| 2008 Bel Age Manor Apartments              | 02/01/08       | 02/01/44          | 22,350           | 21,728                 |
| 2009 Lincoln Anaheim Apartments<br>Phase B | 05/15/09       | 04/15/39          | <u>23,217</u>    | <u>9,352</u>           |
| Total                                      |                |                   | <u>\$121,056</u> | <u>\$ 95,423</u>       |



**Mello-Roos Community Facilities Districts**

The City issued special tax bonds to finance construction in various Community Facilities Districts. These bonds were authorized pursuant to the Mello-Roos Community Facilities Act of 1982. The bonds are payable from a special assessment tax and are non-recourse bonds secured by the properties. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision of either of the foregoing is pledged to the payment of the bonds. The bonds are not general or special obligations of the City, nor do they contain any credit enhancements that secondarily pledge existing or future resources of the City, accordingly they are not reflected in the accompanying basic financial statements. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agent. This activity is recorded in an agency fund in the basic financial statements.

At June 30, 2011, the City has the following outstanding Mello-Roos special tax bonds:

- In June 1989, the City issued \$26,620 in special tax bonds to finance a portion of the cost of acquisition and construction of facilities in East Anaheim Hills. In April 1995, \$15,389 of the 1989 bonds were advance refunded through the Anaheim Public Financing Authority and in June 2004, \$11,160 of the 1995 bonds were refunded through the Authority. In December 1999, \$7,720 of the 1989 bonds were refunded by the City. At June 30, 2011, the 2004 Anaheim Public Financing Authority bonds outstanding amounted to \$5,075, and the 1999 Mello-Roos bonds outstanding amounted to \$2,910.
- In February 2007, the City issued \$9,060 in special tax bonds to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle. At June 30, 2011, the 2007 Mello-Roos bonds outstanding amounted to \$8,595.
- In August 2010, the City issued \$28,630 in special tax bonds, Series 2010 to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle and to fund a reserve fund for the Series 2010 Bonds. At June 30, 2011, the 2010 Mello-Roos bonds outstanding amounted to \$27,925.

**NOTE 8 – SEGMENT INFORMATION:**

The Sanitation Fund issued revenue bonds to finance sewer system expansion and improvements. The Sanitation Fund accounts for three activities: solid waste collection, wastewater, and street cleaning. However, investors in the revenue bonds

rely solely on revenue generated through wastewater activities for repayment. Summary financial information for wastewater activities is presented below:

**Condensed Statement of Net Assets**

|  |                  |
|--|------------------|
| Assets:  |                  |
| Cash and cash equivalents                          | \$ 7,059         |
| Investments  | 9,921            |
| Other current assets                               | 1,886            |
| Restricted cash and cash equivalents               | 27,861           |
| Capital Assets, net                                | <u>82,684</u>    |
| Total assets                                       | <u>129,411</u>   |
| Liabilities:                                       |                  |
| Current liabilities                                | 999              |
| Current liabilities payable from restricted assets | 1,608            |
| Noncurrent liabilities                             | <u>46,515</u>    |
| Total liabilities                                  | <u>49,122</u>    |
| Net Assets:  |                  |
| Invested in capital assets, net of related debt    | 55,602           |
| Restricted for debt services                       | 348              |
| Restricted for capital projects                    | 6,436            |
| Unrestricted                                       | <u>17,903</u>    |
| Total net assets                                   | <u>\$ 80,289</u> |

**Condensed Statement of Revenues, Expenses and Changes in Fund Net Assets**

|  |                  |
|--|------------------|
| Waste water fees (pledged against bonds) | \$ 11,577        |
| Depreciation and amortization            | (1,623)          |
| Other operating expenses                 | <u>(4,030)</u>   |
| Total operating income                   | <u>5,924</u>     |
| Nonoperating income (expenses)           |                  |
| Interest income                          | 227              |
| Other nonoperating income                | 9                |
| Interest expense                         | (1,938)          |
| Capital contribution                     | 4,288            |
| Transfers in                             | 318              |
| Transfers out                            | <u>(397)</u>     |
| Total nonoperating income expense        | <u>2,507</u>     |
| Change in net assets                     | 8,431            |
| Net assets at beginning of year          | <u>71,858</u>    |
| Net assets at end of year                | <u>\$ 80,289</u> |

**Condensed Statement of Cash Flows**

|  |                  |
|--|------------------|
| Net cash provided by (used in):          |                  |
| Operating activities                     | \$ 7,960         |
| Noncapital financing activities          | (384)            |
| Capital and related financing activities | (10,228)         |
| Investing activities                     | 937              |
| Net decrease                             | (1,715)          |
| Beginning cash and cash equivalents      | 36,635           |
| Ending cash and cash equivalents         | <u>\$ 34,920</u> |

**Reconciliation of cash and cash equivalents**

|                                      |                  |
|--------------------------------------|------------------|
| Cash and cash equivalents            | \$ 7,059         |
| Restricted cash and cash equivalents | 27,861           |
| Total cash and cash equivalents      | <u>\$ 34,920</u> |

**NOTE 9 – WESTGATE POLLUTION REMEDIATION OBLIGATION:**

In June 2003, the Redevelopment Agency acquired property located at 2951 West Lincoln Avenue as a part of a redevelopment project named the Westgate project. Approximately 11 acres of the property were formerly known as the Sparks and Rains Landfills. The County of Orange was the operator of these landfills until 1960. In November 2008, the County agreed to pay the Redevelopment Agency \$5,176 in settlement of claims related to the pollution remediation for the Westgate project site prior to the development of a shopping center. The total costs of the pollution remediation work is estimated to be \$5,541 based on actual contract bids received or average cleanup costs applicable to the project. The Redevelopment Agency anticipates no significant costs increases from the estimates. At June 30, 2011, the estimated outstanding pollution remediation obligation for the Westgate project was \$720.

**NOTE 10 – RETIREMENT PLANS:****Retirement System**

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. A copy of PERS' annual financial report may be obtained. @www.calpers.ca.gov

**Funding Policy**

Participants are required to contribute 8.0% (9.0% for fire and police safety employees) of their annual covered salary. For miscellaneous employees the City pays 7% of the participant contributions and the employee pays 1%. For police safety, the city pays the entire 9% of the participant contributions. For fire safety employees, the entire 9% is paid by the employees. In addition, the City is required to contribute at an actuarially determined rate applied to annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS. For fiscal year 2011, PERS contribution rates were as follows:

| Plan          | City Contribution |                  | Employee Contribution |                  | Total   |
|---------------|-------------------|------------------|-----------------------|------------------|---------|
|               | Paid by City      | Paid by Employee | Paid by City          | Paid by Employee |         |
| Miscellaneous | 15.917%           | 0.634%           | 7.000%                | 1.000%           | 24.551% |
| Police Safety | 26.513%           | 0.000%           | 9.000%                | 0.000%           | 35.513% |
| Fire Safety   | 23.994%           | 0.000%           | 0.000%                | 9.000%           | 32.994% |

**Annual Pension Cost**

For fiscal year 2011, the City's annual pension cost of \$51,913 for PERS was equal to the City's required and actual contributions. The required contribution was determined as a part of the June 30, 2008 actuarial valuations.

The City's annual pension cost, the percentage of annual pension cost contributed to the plans, and the net pension obligation for the fiscal years ended June 30, 2009, 2010 and 2011 are as follows:

| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------|---------------------------|-------------------------------|------------------------|
| Ending      |                           |                               |                        |
| 6/30/09     | \$54,200                  | 100%                          | \$0                    |
| 6/30/10     | 56,000                    | 100%                          | \$0                    |
| 6/30/11     | 51,913                    | 100%                          | \$0                    |

**Funded Status and Funding Progress**

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future.

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

| Plan          | Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(AVA) | Accrued<br>Liability | Unfunded<br>Liability<br>(UL)<br>(B)-(A) | Funded Ratios  |                 | Annual<br>Covered<br>Payroll | UL as a<br>% of<br>Payroll<br>(C)/(E) |
|---------------|--------------------------------|--|----------------------|--|----------------|-----------------|------------------------------|---------------------------------------|
|               |                                |  |                      |  | AVA<br>(A)/(B) | Market<br>Value |                              |                                       |
| Miscellaneous | 06/30/10                       | \$783,241                                | \$968,464            | \$185,223                                | 80.9%          | 63.1%           | \$116,877                    | 158.5%                                |
| Police Safety | 06/30/10                       | 432,262                                  | 519,062              | 86,800                                   | 83.3%          | 65.4%           | 45,620                       | 190.3%                                |
| Fire Safety   | 06/30/10                       | 263,280                                  | 317,672              | 54,392                                   | 82.9%          | 64.9%           | 24,746                       | 219.8%                                |

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information, which shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Actuarial Methods and Assumptions

In the June 30, 2010 actuarial valuations, the entry age actuarial cost method was used. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value). The PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization periods were 22 years for the miscellaneous plan and 30 years for safety police and fire plans for years of service unfunded.

#### Other Post-employment Benefits

In addition to the pension benefits described above, the City provides other post-employment benefits (OPEB) as a single-employer defined benefit healthcare plan. The OPEB provides medical, dental and life insurance benefits to eligible retirees (hired prior to January 1, 1996, Anaheim Police Association employees hired prior to July 6, 2001, and Anaheim Fire Association employees hired prior to November 9, 2001) in accordance with City Personnel Resolutions and various Memoranda of Understanding. Eligible employees hired after the dates above have access to the City's medical and dental plans but do not receive a defined benefit. There are no separately issued financial statements for the OPEB.

#### Funding Policy

The contribution requirements of plan members and the City are established in accordance with City Personnel Resolutions and various Memoranda of

Understanding. The retired plan members receiving benefits make varying contributions toward the cost of these benefits depending on the retiree's Medicare eligibility, year of hire, age and employee group. Retiree contributions for the fiscal year ended June 30, 2011, were 1.7% of total payroll.

In June 2008, the City joined the California Employer's Retiree Benefit Trust Program (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by PERS. A copy of the aggregated CERBT annual financial report may be obtained @[www.calpers.ca.gov](http://www.calpers.ca.gov)

The City contributes an amount not less than the annual required contribution (ARC) of the employer. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The ARC rate for the fiscal year ended June 30, 2011, was 6.26% of total payroll.

#### Annual OPEB Cost and Net OPEB Asset

The City's annual OPEB cost, amount actually contributed to the plan, and changes in the City's net OPEB asset for the fiscal year ended June 30, 2011, are as follows:

|                                    |                  |
|------------------------------------|------------------|
| ARC                                | \$ 10,266        |
| Interest on net OPEB asset         | (736)            |
| Adjustment to ARC                  | 602              |
| Annual OPEB cost                   | <u>\$ 10,132</u> |
| Contributions made                 | \$ 10,266        |
| Annual OPEB cost                   | <u>(10,132)</u>  |
| Change in OPEB asset               | 134              |
| Net OPEB asset - beginning of year | 9,495            |
| Net OPEB asset - end of year       | <u>\$ 9,629</u>  |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the fiscal year ended June 30, 2011 are as follows:

| Fiscal Year<br>Ending | Annual<br>OPEB Cost | Percentage of Annual<br>OPEB Cost Contributed | OPEB<br>Asset |
|-----------------------|---------------------|---|---------------|
| 6/30/09               | \$ 6,998            | 102.2%  | \$9,341       |
| 6/30/10               | 7,108               | 102.2%  | 9,495         |
| 6/30/11               | 10,132              | 101.3%  | 9,629         |

Funded Status and Funding Progress

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information in subsequent years, that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(AVA) | Accrued<br>Liability | Unfunded<br>Liability<br>(UL)<br>(B)-(A) | Funded Ratios<br>AVA<br>(A)/(B) | Annual<br>Covered<br>Payroll | UL as a<br>% of<br>Payroll<br>(C)/(E) |
|--------------------------------|--|----------------------|--|---------------------------------|------------------------------|---------------------------------------|
| 06/30/10                       | \$63,920                                 | \$211,914            | \$147,994                                | 30.2%                           | \$177,229                    | 83.5%                                 |

Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumption included a 7.75% investment rate of return, an annual healthcare cost trend rate ranging from 8.00 % - 13.00% initially and declining to 5.50% by 2018, and an inflation factor of 3.00%. The OPEB unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 30-year period. The remaining amortization period as of July 1, 2010, is 27 years.

**NOTE 11 – JOINT VENTURES AND JOINTLY-OWNED PROPERTIES:****Authority for Orange County - City Hazardous Materials Emergency Response**

The City participates in a joint powers authority, the Authority for Orange County-City Hazardous Materials Emergency Response (Hazmat), for the purposes of responding to, assessing the nature of, and stabilizing any emergency created by the release or threatened release of hazardous materials.

The following entities are members of Hazmat: City of Anaheim, Orange County Fire Authority, the City of Santa Ana, and the City of Huntington Beach. Members of the Board of Directors (Hazmat Board) consist of one voting Board member and an alternate appointed by the governing body from the City of Anaheim, Orange County Fire Authority, the City of Santa Ana, and the City of Huntington Beach.

Distribution of fair share contributions to reimburse the provider agencies are as follows: City of Anaheim, 27.3%; Orange County Fire Authority, 27.3%; City of Santa Ana, 27.3%; and City of Huntington Beach, 18.1%.

At the direction of the Hazmat Board, revenues are disbursed to the provider agencies at the end of each preceding quarter. Unaudited financial information for the joint powers authority as of and for the year ended June 30, 2011, was as follows:

|                        |       |
|------------------------|-------|
| Total assets           | \$ 56 |
| Total liabilities      | 42    |
| Members' equity        | 14    |
| Total revenues         | 122   |
| Total expenses         | 168   |
| Revenues over expenses | (46)  |

Hazmat does not have any debt outstanding at June 30, 2011.

The City has no significant equity interest in Hazmat, and accordingly neither assets nor liabilities of Hazmat have been recorded in the City's basic financial statements. For a copy of Hazmat's separate financial statements, contact the Finance Director of the City.

**Metro Cities Fire Authority**

The City participates in a joint powers authority, Metro Cities Fire Authority (Fire Authority), for the purpose of providing a central communication network and record

keeping system to support fire suppression, emergency medical assistance, rescue service, and related services provided by the members of the Fire Authority.

The following entities are members of the Fire Authority: City of Anaheim, City of Fountain Valley, City of Fullerton, City of Garden Grove, City of Huntington Beach, City of Newport Beach, and the City of Orange.

Public entities in Orange County may receive services from the Fire Authority by executing an agreement and paying a fair share contribution. Unaudited financial information for the Fire Authority as of and for the year ended June 30, 2011, was as follows:

|                        |         |
|------------------------|---------|
| Total assets           | \$2,481 |
| Total liabilities      | 632     |
| Members' equity        | 1,849   |
| Total revenues         | 4,712   |
| Total expenses         | 4,749   |
| Revenues over expenses | (37)    |

The City has no significant equity interest in the Fire Authority, and accordingly neither assets nor liabilities of the Fire Authority have been recorded in the City's basic financial statements. For a copy of the Fire Authority's separate financial statements, contact the Finance Director of the City.

#### Jointly-owned utility plants

The City's Electric Utility owns a 10.04% ownership interest in the coal-fired San Juan Generating Station, Unit 4 (SJ), located near Waterflow, New Mexico. The other participants in SJ and their respective ownership include: Public Service of New Mexico, 45.48%; City of Farmington, New Mexico, 8.48%; County of Los Alamos, New Mexico, 7.20%; and M-S-R Public Power Agency, 28.80%. There are no separate financial statements for this venture, as each participant's interest in the utility plant is included in their respective financial statements. The City's cumulative share of construction costs included in the utility plant at June 30, 2011, amounted to \$78,973. The City's bonded indebtedness incurred to finance the purchase of the 10.04% ownership interest is also included in the basic financial statements.

The City sold its 3.16% ownership interest of SONGS to SCE on December 29, 2006. Accordingly, the Electric Utility ceased recording all related operating expenses, except marine mitigation costs and spent fuel storage charges, as of December 29, 2006. Based on the SONGS settlement agreement, the Electric Utility is responsible for the City's share of marine mitigation costs up to \$2,300, and SCE is responsible for costs between \$2,300 and \$7,300. The Electric Utility is responsible for spent fuel storage charges until the federal government takes possession.

As a former participant in SONGS, the Electric Utility is subject to assessment of retrospective insurance premiums in the event of a nuclear incident at SONGS or any other licensed reactor in the U.S.

#### NOTE 12 – COMMITMENTS AND CONTINGENCIES:

##### Intermountain Power Agency

The Electric Utility has entered into a power purchase contract with the Intermountain Power Agency (IPA) for delivery of electric power. The share of IPA power is equal to 13.225% of the generation output of IPA's two recently uprated coal-fueled generating units located in Delta, Utah. The City is obligated for the following percentage of electrical facilities at IPA:

| <u>Generation</u>           | <u>Entitlement</u> | <u>Expiration</u> |
|-----------------------------|--------------------|-------------------|
| Intermountain Power Project | 13.2%              | 2027              |

The contract constitutes an obligation of the Electric Utility to make payments from revenues and requires payment of certain minimum charges. These minimum charges include debt service requirements on the financial obligations used to construct the plant. These requirements are considered a cost of purchased power.

##### Southern California Public Power Authority

The Electric Utility is a member of the Southern California Public Power Authority (SCPPA), a joint powers agency. SCPPA provides for the financing and construction of electric generating and transmission projects for participation by some or all of its members. To the extent the Electric Utility participates in projects developed by SCPPA, it is obligated for its proportional share of the cost of the project. The City is obligated for the following percentage of electrical facilities owned by SCPPA:

| <u>Transmission</u>               | <u>Entitlement</u> | <u>Expiration</u> |
|-----------------------------------|--------------------|-------------------|
| Soutner Transmission System (STS) | 17.6%              | 2027              |
| Mead-Adelanto Project (MAP)       | 13.5%              | 2030              |
| Mead-Phoenix Project (MPP)        | 24.2%              | 2030              |

| <u>Generation</u>                             | <u>Entitlement</u> | <u>Expiration</u> |
|---|--------------------|-------------------|
| Hoover Dam Upgrading (Hoover)                 | 42.6%              | 2018              |
| Magnolia Generating Station (Magnolia)        | 38.0%              | 2037              |
| Canyon Power Project                          | 100.0%             | 2040              |
| Natural Gas Reserve Projects:                 |                    |                   |
| SCPPA Natural Gas Project - Pinedale, Wyoming | 35.7%              | 2033              |
| SCPPA Natural Gas Project - Barnett, Texas    | 45.5%              | 2033              |

Take or pay commitments

As part of the take or pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Payment for these obligations will be made from the operating revenues received during the year that the payment is due. A long-term obligation has not been recorded on the accompanying basic financial statements for these commitments. The following schedule details the amount of debt service that is due and payable by the Electric Utility for each project and the final maturity date.

| Fiscal<br>Year<br>Ending 6/30 | IPA              | STS              | MAP             | MPP             | Hoover         | Magnolia         | Natural<br>Gas   | Canyon           | Total              |
|-------------------------------|------------------|------------------|-----------------|-----------------|----------------|------------------|------------------|------------------|--------------------|
| 2012                          | \$ 41,645        | \$ 8,096         | \$ 3,072        | \$ 1,589        | \$ 956         | \$ 6,195         | \$ 8,105         | \$ 12,770        | \$ 82,428          |
| 2013                          | 38,874           | 16,398           | 3,086           | 1,922           | 958            | 8,759            | 8,096            | 12,770           | 90,863             |
| 2014                          | 38,541           | 14,782           | 3,091           | 1,925           | 957            | 8,766            | 7,369            | 12,770           | 88,201             |
| 2015                          | 39,268           | 14,819           | 3,063           | 1,611           | 958            | 8,766            | 7,147            | 12,770           | 88,402             |
| 2016                          | 33,374           | 14,870           | 3,060           | 1,651           | 957            | 8,768            | 7,094            | 19,501           | 89,275             |
| 2017-2021                     | 156,613          | 70,931           | 14,525          | 7,785           | 1,913          | 36,289           | 27,949           | 97,511           | 413,516            |
| 2022-2026                     | 25,546           | 56,885           |                 |                 |                | 36,193           | 18,288           | 97,510           | 234,422            |
| 2027-2031                     |                  | 12,728           |                 |                 |                | 38,268           | 12,536           | 97,518           | 161,050            |
| 2032-2036                     |                  |                  |                 |                 |                | 39,634           | 3,815            | 97,512           | 140,961            |
| 2037-2040                     |                  |                  |                 |                 |                | 26,282           |                  | 78,014           | 104,296            |
| Total                         | <u>\$373,861</u> | <u>\$209,509</u> | <u>\$29,897</u> | <u>\$16,483</u> | <u>\$6,699</u> | <u>\$217,920</u> | <u>\$100,399</u> | <u>\$538,646</u> | <u>\$1,493,414</u> |

In addition to debt service, the City's entitlement requires the payment for fuel costs, operations and maintenance (O&M), administration and general (A&G) and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service, however, prior experience indicates that annual costs are generally consistent from year to year. The fiscal year 2011 expenses for fuel, O&M, A&G and other costs at these projects were as follows:

| Fiscal Year | IPA      | STS     | MAP   | MPP   | Hoover | Magnolia | Natural<br>Gas | Total    |
|-------------|----------|---------|-------|-------|--------|----------|----------------|----------|
| 2011        | \$43,270 | \$5,046 | \$229 | \$290 | \$428  | \$20,758 | \$1,143        | \$71,164 |

Operating Leases

In April 2001, the Redevelopment Agency entered into an agreement with Katella Operating Properties II, LLC to sublicense/sublease an 8.9 acre Southern California Edison easement (easement) located between Anaheim Boulevard and Claudina Way. The Redevelopment Agency gained long term control of the property as part of its overall efforts to redevelop the area for hotel or commercial development. The term of the sublicense/sublease is for 40 years commencing on May 1, 2001 and ending

on April 30, 2041. The Agreement was amended on October 15, 2003 to extend the term of the lease to February 28, 2043. In January 2003, the Redevelopment Agency converted its sublicense to a sublease and is paying \$34 in monthly rent through January 2006. The agreement also provides for the rent to increase by 6% every 3 years. Future minimum lease payments to be made from unrestricted revenues of the Redevelopment Agency Capital Project Funds are as follows:

Fiscal Year Ending June 30

|           |                 |
|-----------|-----------------|
| 2012      | \$ 464          |
| 2013      | 479             |
| 2014      | 479             |
| 2015      | 492             |
| 2016      | 508             |
| 2017-2021 | 2,658           |
| 2022-2026 | 2,937           |
| 2027-2031 | 3,242           |
| 2032-2036 | 3,558           |
| 2037-2041 | 3,931           |
| 2042-2044 | 1,404           |
| Total     | <u>\$20,152</u> |

In March 2003, the Redevelopment Agency sub-leased a portion of the easement to G.D. Heil, Inc., a developer, for a period of 5 years with an option to extend up to 32 years or a total of 37 years. The initial sub-lease is at \$5 per month and increase by 6% every 3 years. The following are the annual future minimum lease revenues under this lease.

Fiscal Year Ending June 30

|           |                |
|-----------|----------------|
| 2012      | \$ 68          |
| 2013      | 71             |
| 2014      | 71             |
| 2015      | 71             |
| 2016      | 76             |
| 2017-2021 | 392            |
| 2022-2026 | 436            |
| 2027-2031 | 479            |
| 2032-2036 | 525            |
| 2037-2039 | 228            |
| Total     | <u>\$2,417</u> |

In January 2003, the Redevelopment Agency entered into a ground lease agreement with Loan Pham, a property owner, for a period of 55 years, which is payable in advance at \$71 per year, increasing by 10% every 4 years. Future minimum lease payments to be made from unrestricted revenues of the Redevelopment Agency Capital Project Funds are as follows:

Fiscal Year Ending June 30

|           |                |
|-----------|----------------|
| 2012      | \$ 86          |
| 2013      | 86             |
| 2014      | 86             |
| 2015      | 95             |
| 2016      | 95             |
| 2017-2021 | 501            |
| 2022-2026 | 561            |
| 2027-2031 | 641            |
| 2032-2036 | 719            |
| 2037-2041 | 806            |
| 2042-2046 | 904            |
| 2047-2051 | 1,033          |
| 2052-2056 | 1,160          |
| 2057      | <u>244</u>     |
| Total     | <u>\$7,017</u> |

In January 2005, the City entered into a long term noncancelable ground lease with City of Fullerton, for an approximately 1.56 acre site at the Fullerton Municipal Airport for the operation of the Anaheim Police Department Heliport. The term of the lease is 40 years with two 10-year extensions commencing from January 2005 and ending December 2044. The base rent is adjusted every five years by ten percent (10%). The City constructed a building of approximately 30,000 square feet that includes offices, aircraft maintenance and storage facilities and other infrastructure supporting such facilities on the leased premise. Future minimum lease payments to be made from unrestricted revenues of the General Fund are as follows:

Fiscal Year Ending June 30

|                              |                |
|------------------------------|----------------|
| 2012                         | \$ 54          |
| 2013                         | 54             |
| 2014                         | 54             |
| 2015                         | 57             |
| 2016                         | 59             |
| 2017-2021                    | 305            |
| 2022-2026                    | 336            |
| 2027-2031                    | 369            |
| 2032-2036                    | 406            |
| 2037-2041                    | 447            |
| 2042-2044                    | <u>334</u>     |
| Total minimum future rentals | <u>\$2,475</u> |

**The Honda Center**

On January 26, 1999, the City entered into a series of lease transactions for the Honda Center. Under these transactions, the City leased the Honda Center to a third party trustee acting for the benefit of an equity investor for a term of approximately

39.2 years. The trustee sublet the facility back to the City for 20 years, which was shorter than the then remaining term of the management agreement between the third-party manager at that time (Manager) and the City in consideration of an advance rental payment for the entire lease term. At the end of the sublease, the City has a purchase option to purchase the trustee's rights under the lease for a fixed amount. The advance rent payments to the City were deposited into a trust fund and invested. The cash scheduled to be available from this trust fund is sufficient to pay the City's rent payments for the term of the sublease and to exercise the City's purchase option at the end of the sublease. The excess of the amount of the advance rent payment made by the trustee to the City over the deposit to the trust funds, after the payment of transaction expenses and payment to the Manager for agreeing to pledge its interest as Manager under the management agreement then in effect and agreeing to undertake certain additional obligations to the transaction, was approximately \$4,000. This amount was recognized by the City as deferred revenue and is being amortized over the sublease term. The City has secured its obligations to the other parties to these lease transactions by a pledge of its respective interest in revenues from the facility, subordinate (with certain exceptions) to any interests of the debt holders of the facility. The City's obligations under these lease transactions are considered to be defeased in substance, and therefore the related liabilities as well as the trust assets have been excluded from the City's financial statements. The City's and AAM's respective rights under the FMA are subject in certain respects to the effect of the 1999 lease transaction.

Effective December 16, 2003, the City and Anaheim Arena Management LLC (AAM) entered into a Facility Management Agreement (FMA) whereby AAM has the exclusive right and license to manage, maintain and operate all aspects of the Honda Center in accordance with the FMA through June 30, 2023, with an option to extend the term for an additional period not to exceed 10 years. Annual distributions to the City, AAM and the County of Orange are required for their respective share of adjusted net revenues, as defined in the FMA. In the event that cash on hand is insufficient to pay operating expenses, debt service, distributions to the City, the County of Orange, or other amounts payable, AAM shall make or cause an affiliate or third-party lending institution to make loans for such purposes, as defined in the FMA. Such funds will be repaid from gross revenues or adjusted net revenues, if any, as defined in and in accordance with disbursement priorities established in the FMA. At June 30, 2011, the outstanding conduit debt on the Honda Center totaled \$34,500. The debt is non-recourse, payable from revenues generated by the facility. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the debt. The debt is not a general or special obligation of the City, nor does it contain any credit enhancements that secondarily pledge existing or future resources of the City (other than revenues generated by the facility), and accordingly it is not reflected in the accompanying basic financial statements.

### Angel Stadium of Anaheim

On May 14, 1996, the City and the California Angels, LP (Team), which was then managed by Disney Sports Enterprises, Inc. (subsequently known as Anaheim Sports, Inc.), entered into an agreement to provide for the operation and refurbishment of the Stadium. Pursuant to the agreement, the Team assumed responsibility for the operation of the Stadium on October 1, 1996. The agreement runs for 33 years (subject to a limited Team option to cancel at 20 years and the Team's right to extend the term).

Under the terms of the agreement, the Team assumed full responsibility for all Stadium operations and maintenance, including capital maintenance. The Team books all Stadium and parking lot events (except for ten annual City events), pays all expenses, and retains all revenue (subject to the City's rights to share in certain net revenues) except that the City credits the Team up to \$500 per year adjusted annually for CPI for a capital reserve, calculated on the basis of property taxes. The City's participation in net revenues includes amounts received by the Team above certain thresholds including paid admissions (\$2.00 per paid admission in excess of 2.6 million admissions per year), net income from nongame events (in excess of \$2,000 per year adjusted annually for CPI), and parking lot net income (25% in excess of \$4,000 per year adjusted annually for CPI). Additionally, as indicated above, the City retained the right to book and retain all revenue from ten parking lot events per year. Major League Baseball consented to the transfer of the Team in fiscal year 2003 to interests controlled by Arte Moreno. No changes in the terms of the agreement with the Team were made in connection with that transfer.

The Agreement also provided that the City had the right to develop approximately 42 acres of the parking lot development site. In 1998 a land sale of \$1,000 for a 1.25 acre site was approved for the construction of a 1,100-seat theatre called "Tinseltown Studios" (now known as "City National Grove of Anaheim"). In November 2002, the City purchased the facility and the land for \$6,700 from its then owner, SMG, a Pennsylvania partnership, an affiliate of Aramark Entertainment, Inc. Concurrent with the purchase, the City granted to Nederlander-Grove LLC (Nederlander) a license to operate the facility for three years with the right to extend another five years. In May 2009, the management agreement was amended extending the term to December 31, 2015 with the right to extend another five year period. Additionally, under the amended management agreement, effective January 1, 2009, Nederlander no longer receives a management fee of \$150 and the City's share in the annual net profits and losses from operations increased from 50% to 60%. Nederlander is responsible for 100% of losses in excess of \$400, thereby limiting the City's share of net losses to a

maximum of \$240 in any given year. The City may elect to terminate the agreement prior to expiration of the term under certain conditions, and pay the unamortized balance of capital assets purchased during the term to Nederlander. Concurrent with the amendment to the management agreement, the parking license fee agreement was amended, wherein the parking license fees from Nederlander were reduced to \$176 and are subject to adjustment annually based on CPI increases. Nederlander paid the City \$181 for the year ended June 30, 2011, for parking and common area maintenance.

### Muzeo

In October 2007, the City and Redevelopment Agency entered into a property operating agreement with the Muzeo Foundation to operate and provide programming for the Muzeo, the downtown museum. The property operating agreement is for a term of 30 years and provides for a line of credit for the first 3 years from the City to the Muzeo Foundation in an amount not to exceed \$1,000 or 95% of pledges at an annual interest rate of 5%. The property operating agreement was amended on August 1, 2010, to extend the maturity date to June 30, 2015. It also amended the aggregate amount of the line of credit to \$500 during fiscal year 2011 and \$200 during each fiscal year thereafter with amounts being converted to grants upon achieving fund raising thresholds. At June 30, 2011, there was no amounts due to the City.

### Litigation

A number of claims and suits are pending against the City for alleged damages to persons and/or property and for other alleged liabilities arising out of matters usually incident to the operation of a city such as Anaheim. Although the aggregate amount asserted for such lawsuits and claims is significant, in the opinion of City management, the City has strong defenses against such claims, and thus the ultimate loss, if any, relating to these claims and suits not covered by insurance or reflected in the financial statements, will not materially affect the financial position of the City.

### Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.



**Construction and other significant commitments**

At June 30, 2011, the City had the following commitments with respect to unfinished capital projects, disposition and development agreements, reimbursement agreements, and cooperation agreements:

| <u>Description</u>  | <u>Remaining<br/>Commitment</u> | <u>Expected<br/>Completion<br/>Date</u> |
|---|---------------------------------|---|
| Anaheim Boulevard Residential Housing Project                           | \$ 2,300                        | 2014                                    |
| Avon Dakota Neighborhood Revitalization Housing Project                 | 18,651                          | 2013                                    |
| Anaheim Fixed-Guideway Transit Corridor Study                           | 818                             | 2011                                    |
| Anaheim Regional Transportation Intermodal Center Professional Services | 15,907                          | 2013                                    |
| Brookhurst Street Right of Way Clearing and Demolition                  | 748                             | 2012                                    |
| Colony Park Phase III Home Buyer Assistance                             | 4,775                           | 2012                                    |
| Colony Park Phase IV Home Buyer Assistance and Remediation Costs        | 2,000                           | 2013                                    |
| Central/East Anaheim Area Sanitary Sewer System Improvement             | 1,031                           | 2011                                    |
| Direct Buried Cable Replacement Phase VIII                              | 1,450                           | 2012                                    |
| Gene Autry Way Highway Construction                                     | 14,355                          | 2012                                    |
| Golf Course Maintenances  | 1,225                           | 2012                                    |
| Historic Citrus Packing House Renovation                                | 5,980                           | 2011                                    |
| Linda Vista Reservoir and Pump Station Replacement                      | 8,357                           | 2013                                    |
| Santa Ana Canyon Multi-Use Trail  | 540                             | 2012                                    |
| Street Rehabilitation Group II  | 3,182                           | 2012                                    |
| Underground District No. 48 Harbor Boulevard                            | 589                             | 2011                                    |
| Underground District No. 51/56 Lincoln/Magnolia                         | 5,180                           | 2012                                    |
| Underground District No. 53 La Palma Avenue                             | 4,556                           | 2013                                    |
| Underground District No. 58 Imperial Highway                            | 1,519                           | 2013                                    |
| Viviere Condominiums Home Buyer Assistance                              | 2,300                           | 2011                                    |
| Vehicle Acquisitions  | 2,852                           | 2012                                    |
| Water Recycling Demonstration Project                                   | 5,877                           | 2012                                    |

**NOTE 13 – STATE OF CALIFORNIA APPROVED BUDGET IMPACTS TO THE ANAHEIM REDEVELOPMENT AGENCY**

As part of the State of California fiscal year 2012 approved budget, Assembly Bills XI 26 ("AB 26") and XI 27 ("AB 27") were approved by the Governor on June 28, 2011, and chaptered by the Secretary of State on June 29, 2011. AB 26 provided for the statewide dissolution of all California redevelopment agencies as of October 1, 2011, and further provided that, thereafter, "successor agencies" will administer the enforceable obligations of all redevelopment agencies and otherwise wind up their affairs, all subject to the review and approval of oversight committees. Notwithstanding the provisions of AB 26, AB 27 provided that a redevelopment

agency may continue in operation if a city or county that includes a redevelopment agency adopts an ordinance agreeing to comply with and participate in the Alternative Voluntary Redevelopment Program, thereby committing itself to comply with the provision of AB 27 and to make annual remittance payments to the County Auditor Controller.

**NOTE 14 – SUBSEQUENT EVENTS:****Investment Portfolio**

Effective August 8, 2011, the City Treasurer's Investment Portfolio has a rating of "AAI" from Standard and Poor's (S&P). This rating action was the result of S&P downgrading the debt issues of the United States Treasury and Federal Agencies from a credit rating of "AAA" to "AA+". The credit rating reflects the investment holdings of the City's Investment Portfolio and not the management of the investment fund.

**Alternative Voluntary Redevelopment Program**

The City Council ("City Council") of the City of Anaheim ("City") elected to comply with and participate in the Alternative Voluntary Redevelopment Program established by AB 27 by the adoption of Ordinance No. 6217 on July 19, 2011, in order to allow the Anaheim Redevelopment Agency ("Agency") to continue in operation and perform its functions (the "Ordinance"). By the adoption of the Ordinance and as a condition of the Agency's continued existence and operation, the City is required to make certain annual remittances to the County Auditor-Controller ("County"), beginning with fiscal year 2012, to finance activities within the Redevelopment Project that are related to accomplishing the goals of the Redevelopment Plan for the Redevelopment Project. To that end, the City Council and the Governing Board of the Agency approved the terms of an Agreement to Transfer Tax Increment, whereby the Agency has agreed, on an annual basis, to transfer tax increment to the City in an amount not to exceed the amount of the City's remittance payment to the County.

On August 1, 2011, the California Department of Finance informed the City that it will be required to pay to the County the sum of \$17,451 for fiscal year 2012. AB 27 provides that the City is to make its remittance payment for each budget year after fiscal Year 2012 pursuant to a formula set forth therein.

The validity, passage and applicability of AB 26 and AB 27 is the subject of judicial challenges, including the action brought by the California Redevelopment Association and the League of California Cities in their own capacity and on behalf of their members: California Redevelopment Association, et al v. Ana Matosantos, et al. (The "CRA Action").

*The California Supreme Court (the "Court") issued an order on August 11, 2011, directing the parties to show cause why the relief sought in the CRA Action should not be granted and established a briefing schedule designed to facilitate oral argument as early as possible and a decision before January 15, 2012. Pending a decision in the CRA Action, the Court's order stayed the effectiveness of AB 27 and certain portion of AB 26 and precluded redevelopment agencies from, among other things, incurring new indebtedness, transferring assets, acquiring real property, entering into new contracts or modifying existing contracts, and prohibited redevelopment agencies from making payments for anything other than "enforceable obligations," notwithstanding the fact the City Council has adopted the Ordinance.*

Pending the outcome of the CRA Action, the duties and obligations of the City and the Agency under the Ordinance and the Agency's transfer of funds under the aforementioned Agreement to transfer Tax Increment and the City's remittance payments to the County have been stayed.



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## Required Supplementary Information

(Unaudited)

(In thousands)

### Miscellaneous Employees Retirement System – Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date | (A)                                   | (B)                  | (C)  | (D)            |                 | (E)                          | (F)                                   |
|--------------------------------|---------------------------------------|----------------------|--|----------------|-----------------|------------------------------|---------------------------------------|
|                                | Actuarial<br>Value of<br>Assets (AVA) | Accrued<br>Liability | Unfunded<br>Liability<br>(UL)<br>(B) - (A) | Funded Ratios  |                 | Annual<br>Covered<br>Payroll | UL as a<br>% of<br>Payroll<br>(C)/(E) |
|                                |                                       |                      |  | AVA<br>(A)/(B) | Market<br>Value |                              |                                       |
| 6/30/08                        | \$713,184                             | \$820,145            | \$106,961                                  | 87.0%          | 88.3%           | \$118,656                    | 90.1%                                 |
| 6/30/09                        | 747,033                               | 918,508              | 171,475                                    | 81.3%          | 59.1%           | 120,606                      | 142.2%                                |
| 6/30/10                        | 783,241                               | 968,464              | 185,223                                    | 80.9%          | 63.1%           | 116,877                      | 158.5%                                |

### Police Safety Employees Retirement System – Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date | (A)                                   | (B)                  | (C)  | (D)            |                 | (E)                          | (F)                                   |
|--------------------------------|---------------------------------------|----------------------|--|----------------|-----------------|------------------------------|---------------------------------------|
|                                | Actuarial<br>Value of<br>Assets (AVA) | Accrued<br>Liability | Unfunded<br>Liability<br>(UL)<br>(B) - (A) | Funded Ratios  |                 | Annual<br>Covered<br>Payroll | UL as a<br>% of<br>Payroll<br>(C)/(E) |
|                                |                                       |                      |  | AVA<br>(A)/(B) | Market<br>Value |                              |                                       |
| 6/30/08                        | \$392,206                             | \$457,588            | \$65,382                                   | 85.7%          | 87.6%           | \$44,224                     | 147.8%                                |
| 6/30/09                        | 411,137                               | 496,423              | 85,286                                     | 82.8%          | 60.5%           | 46,022                       | 185.3%                                |
| 6/30/10                        | 432,262                               | 519,062              | 86,800                                     | 83.3%          | 65.4%           | 45,620                       | 190.3%                                |

### Fire Safety Employees Retirement System – Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date | (A)                                   | (B)                  | (C)  | (D)            |                 | (E)                          | (F)                                   |
|--------------------------------|---------------------------------------|----------------------|--|----------------|-----------------|------------------------------|---------------------------------------|
|                                | Actuarial<br>Value of<br>Assets (AVA) | Accrued<br>Liability | Unfunded<br>Liability<br>(UL)<br>(B) - (A) | Funded Ratios  |                 | Annual<br>Covered<br>Payroll | UL as a<br>% of<br>Payroll<br>(C)/(E) |
|                                |                                       |                      |  | AVA<br>(A)/(B) | Market<br>Value |                              |                                       |
| 6/30/08                        | \$242,714                             | \$278,250            | \$35,536                                   | 87.2%          | 89.3%           | \$23,658                     | 150.2%                                |
| 6/30/09                        | 252,862                               | 308,033              | 55,171                                     | 82.1%          | 60.0%           | 26,098                       | 211.4%                                |
| 6/30/10                        | 263,280                               | 317,672              | 54,392                                     | 82.9%          | 64.9%           | 24,746                       | 219.8%                                |

### Other Post-employment Benefits – Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date | (A)                                   | (B)                  | (C)  | (D)            |  | (E)                          | (F)                                   |
|--------------------------------|---------------------------------------|----------------------|--|----------------|--|------------------------------|---------------------------------------|
|                                | Actuarial<br>Value of<br>Assets (AVA) | Accrued<br>Liability | Unfunded<br>Liability<br>(UL)<br>(B) - (A) | Funded Ratios  |  | Annual<br>Covered<br>Payroll | UL as a<br>% of<br>Payroll<br>(C)/(E) |
|                                |                                       |                      |  | AVA<br>(A)/(B) |  |                              |                                       |
| 7/01/06                        | \$                                    | \$130,328            | \$130,328                                  | 0.0%           |  | \$152,602                    | 85.4%                                 |
| 7/01/08                        | 63,097                                | 155,728              | 92,631                                     | 40.5%          |  | 165,137                      | 56.1%                                 |
| 7/01/10                        | 63,920                                | 211,914              | 147,994                                    | 30.2%          |  | 177,229                      | 83.5%                                 |

See accompanying independent auditors' report.



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# NONMAJOR GOVERNMENTAL FUNDS



## NONMAJOR GOVERNMENTAL FUNDS

**SPECIAL REVENUE FUNDS** are used to account for revenue derived from specific taxes or other earmarked revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

**GAS TAX AND ROADS FUND** - Established to account for the construction and maintenance of the road network system of the City. Financing is primarily provided by the City's share of Federal, State, and local gasoline taxes. Federal, State, and local regulations require that these gasoline taxes be used to improve and maintain streets, and includes programs intended to improve the air quality of the region.

**WORKFORCE DEVELOPMENT FUND** - Established to account for the City's involvement in Federal, State, and local programs to create jobs and provide the unemployed citizens in the Anaheim area with job training opportunities.

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND** - Established to account for financing of the development of viable urban communities through the provision of decent housing, suitable living environments and economic opportunity, principally for persons of low and moderate income. Financing is provided by the Federal Housing and Urban Development (HUD) grants.

**SEWER AND STORM DRAIN CONSTRUCTION FUND** - Established to account for the construction of the City's waste water collection and disposal system. Financing is provided by fees charged to residential and commercial developers.

**GRANTS FUND** - Established to account for various grants requiring segregated fund accounting. Financing is provided by Federal, State, and local agencies.

**ANAHEIM RESORT MAINTENANCE DISTRICT FUND** - Established to account for the levy and collection of special assessments to pay the cost of annual maintenance and improvements within the district against those parcels that specifically benefit from the enhanced maintenance and improvements.

**ANAHEIM TOURISM IMPROVEMENT FUND** - Established to account for the collection of a special assessment supporting marketing, promotion and transit project costs in support of the City's tourism and convention industry.

**NARCOTIC ASSET FORFEITURE FUND** - Established to account for funds received from Federal and State agencies that are derived from monies and property seized by the Police Department in drug related incidents. These funds are used to supplement existing resources of the City's law enforcement activities.

**REDEVELOPMENT HOUSING SET-ASIDE FUND** - Established for the purpose of increasing and improving the community's supply of low and moderate income housing in accordance with the California Community Redevelopment Law. Financing is provided from property tax increment.

**DEBT SERVICE FUNDS** are used to account for the accumulation of resources and the payment of principal and interest on general debt of the City and related entities.

**GENERAL OBLIGATION BONDS FUND** - Established to accumulate resources for the payment of principal and interest on general obligation bonds of the City. Debt service is financed by property tax revenues.

**REDEVELOPMENT AGENCY FUND** - Established to accumulate resources for payment of principal and interest on Redevelopment Agency tax allocation bonds and notes payable. Debt service is financed by property tax increment.

**MUNICIPAL FACILITIES FUND** - Established to accumulate resources for payment of the principal and interest on the certificates of participation for the Parking Facility Project, Police Facilities Projects, Arena Land Acquisition, and other various acquisitions and capital improvements.

**ANAHEIM RESORT IMPROVEMENTS FUND** - Established to accumulate resources for payment of the principal and interest on the lease revenue bonds for the Anaheim Resort improvements.

**CAPITAL PROJECTS FUNDS** are used to account for resources used for the acquisition and construction of capital assets by the City, except for those financed by proprietary funds.

**REDEVELOPMENT PROJECTS FUND** - Established to account for the acquisition, relocation, demolition, and sale of property for those portions of Anaheim earmarked as in need of redevelopment related activities. Financing is provided by property tax increment and bond proceeds.

**TRANSPORTATION IMPROVEMENT PROJECTS FUND** - Established to account for transportation improvement projects in the City, primarily in support of the Anaheim Regional Transportation Intermodal Center (ARTIC), which is a transportation gateway and mixed-use activity center funded by grants from OCTA. Financing is provided by Federal, State and local agencies.

**DEVELOPER IMPACT PROJECTS FUND** - Established to account for infrastructure improvements, primarily in the Platinum Triangle area, which provides development opportunities for high density, mixed use, office, restaurant, and residential projects. Financing is primarily provided by developer impact fees.

**OTHER CAPITAL IMPROVEMENTS FUND** - Established to account for miscellaneous capital projects as determined by the City Council. Currently, financing is provided by fees from developers for infrastructure improvements, HUD108 loans and subsidies from the General Fund.

**MELLO-ROOS PROJECTS** - Established to account for road, sewer and water improvements in the community facility districts. Financing is provided by the sale of special tax bonds which are secured by and payable from the proceeds of an annual special assessment on the property within the district.

**Combining Balance Sheet**  
**Nonmajor Governmental Funds by Fund Type**  
**June 30, 2011** (In thousands)

|  | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt<br>Service<br>Funds | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|---|--------------------------------------|--|--|
| <b>ASSETS</b>  |   |                                      |  |  |
| Cash and cash equivalents                              | \$ 17,480                               | \$ 5,423                             | \$ 15,414                                | \$ 38,317                                  |
| Investments  | 24,569                                  | 7,621                                | 21,663                                   | 53,853                                     |
| Accounts receivable, net                               | 926                                     | 51                                   | 188                                      | 1,165                                      |
| Accrued interest receivable                            | 156                                     | 106                                  | 174                                      | 436  |
| Notes receivable, net                                  | 39,671                                  |                                      | 2,790                                    | 42,461                                     |
| Due from other funds                                   | 16,358                                  |                                      | 17,746                                   | 34,104                                     |
| Due from other governments                             | 23,582                                  | 28                                   | 15,286                                   | 38,896                                     |
| Land held for resale, net                              | 10,096                                  |                                      | 33,209                                   | 43,305                                     |
| Prepaid and other assets                               | 4,231                                   | 3                                    | 1,706                                    | 5,940                                      |
| Restricted cash and cash equivalents                   | 83                                      | 27,317                               | 13,517                                   | 40,917                                     |
| Restricted investments                                 |   | 33,791                               | 22,682                                   | 56,473                                     |
| Total assets   | <u>\$137,152</u>                        | <u>\$74,340</u>                      | <u>\$144,375</u>                         | <u>\$355,867</u>                           |
| <b>LIABILITIES AND FUND BALANCES</b>                   |   |                                      |  |  |
| Liabilities:   |   |                                      |  |  |
| Accounts payable                                       | \$ 7,086                                | \$ 2,610                             | \$ 10,873                                | \$ 20,569                                  |
| Wages payable  | 353                                     |                                      | 112                                      | 465  |
| Deposits   | 1,251                                   |                                      | 1,149                                    | 2,400                                      |
| Due to other funds                                     | 3,482                                   | 8,176                                | 28,655                                   | 40,313                                     |
| Deferred revenues                                      | 58,923                                  |                                      | 17,424                                   | 76,347                                     |
| Total liabilities                                      | <u>71,095</u>                           | <u>10,786</u>                        | <u>58,213</u>                            | <u>140,094</u>                             |
| Fund balances:   |   |                                      |  |  |
| Nonspendable:  |   |                                      |  |  |
| Prepaid and other assests                              | 17                                      | 3                                    | 611                                      | 631  |
| Restricted:  |   |                                      |  |  |
| Capital projects                                       | 81                                      |                                      | 409                                      | 490  |
| Debt service   |   | 67,363                               |  | 67,363                                     |
| Development impact projects                            | 10,325                                  |                                      | 52,617                                   | 62,942                                     |
| Grant purposes   | 5,233                                   |                                      |  | 5,233                                      |
| Homebuyer assistance program                           | 7,598                                   |                                      |  | 7,598                                      |
| Low and moderate income housing                        | 27,974                                  |                                      |  | 27,974                                     |
| Redevelopment projects                                 |   |                                      | 38,713                                   | 38,713                                     |
| Anaheim resort maintenance and improvement             | 6,718                                   |                                      |  | 6,718                                      |
| Streets, roads and transportation improvement projects | 5,540                                   |                                      | 3,613                                    | 9,153                                      |
| Assigned:  |   |                                      |  |  |
| Debt service   | 7,000                                   |                                      | 8,490                                    | 15,490                                     |
| Capital projects                                       | 833                                     |                                      | 6,928                                    | 7,761                                      |
| Unassigned   | (5,262)                                 | (3,812)                              | (25,219)                                 | (34,293)                                   |
| Total fund balances                                    | <u>66,057</u>                           | <u>63,554</u>                        | <u>86,162</u>                            | <u>215,773</u>                             |
| Total liabilities and fund balances                    | <u>\$137,152</u>                        | <u>\$74,340</u>                      | <u>\$144,375</u>                         | <u>\$355,867</u>                           |



# Combining Statement of Revenues, Expenditures and Changes in Fund Balances

## Nonmajor Governmental Funds by Fund Type

### Year Ended June 30, 2011 (In thousands)

|   | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt Service<br>Funds | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|-----------------------------------|--|--|
| Revenues:   |   |                                   |  |  |
| Property taxes  | \$ 14,112                               | \$ 33,622                         |  | \$ 47,734                                  |
| Licenses, fees and permits                                | 1,363                                   |                                   | \$ 545                                   | 1,908                                      |
| Intergovernmental revenues                                | 66,172                                  | 6                                 | 3,840                                    | 70,018                                     |
| Charges for services                                      | 10,271                                  |                                   |  | 10,271                                     |
| Use of money and property                                 | 2,031                                   | 654                               | 4,311                                    | 6,996                                      |
| Other   | 457                                     |                                   | 165                                      | 622  |
| Total revenues  | <u>94,406</u>                           | <u>34,282</u>                     | <u>8,861</u>                             | <u>137,549</u>                             |
| Expenditures:   |   |                                   |  |  |
| Current:  |   |                                   |  |  |
| City Attorney   | 120                                     |                                   |  | 120  |
| Finance   |   | 23                                |  | 23   |
| Police  | 9,694                                   |                                   | 15                                       | 9,709                                      |
| Fire  | 725                                     |                                   |  | 725  |
| Community Development                                     | 16,370                                  | 8,717                             | 12,490                                   | 37,577                                     |
| Planning  | 1,524                                   |                                   |  | 1,524                                      |
| Public Works  | 8,194                                   |                                   | 1,280                                    | 9,474                                      |
| Community Services  | 1,519                                   |                                   | 432                                      | 1,951                                      |
| Convention, Sports and Entertainment                      | 3,972                                   |                                   |  | 3,972                                      |
| Capital outlay  | 26,319                                  |                                   | 43,247                                   | 69,566                                     |
| Debt service:   |   |                                   |  |  |
| Principal retirement                                      | 461                                     | 11,335                            | 355                                      | 12,151                                     |
| Interest charges  | 365                                     | 32,154                            | 486                                      | 33,005                                     |
| Debt issuance costs                                       | 59                                      |                                   | 168                                      | 227  |
| Total expenditures  | <u>69,322</u>                           | <u>52,229</u>                     | <u>58,473</u>                            | <u>180,024</u>                             |
| Excess (deficiency) of revenues over (under) expenditures | <u>25,084</u>                           | <u>(17,947)</u>                   | <u>(49,612)</u>                          | <u>(42,475)</u>                            |
| Other financing sources (uses):                           |   |                                   |  |  |
| Transfers in  | 7,537                                   | 32,593                            | 23,874                                   | 64,004                                     |
| Transfers out   | (11,420)                                | (20,294)                          | (9,310)                                  | (41,024)                                   |
| Issuance of bonds   |   |                                   | 6,570                                    | 6,570                                      |
| Issuance of loan payable                                  | 7,000                                   |                                   |  | 7,000                                      |
| Contribution from property owners                         |   |                                   | 41,007                                   | 41,007                                     |
| Total other financing sources                             | <u>3,117</u>                            | <u>12,299</u>                     | <u>62,141</u>                            | <u>77,557</u>                              |
| Net change in fund balances                               | <u>28,201</u>                           | <u>(5,648)</u>                    | <u>12,529</u>                            | <u>35,082</u>                              |
| Fund balances at beginning of year                        | <u>37,856</u>                           | <u>69,202</u>                     | <u>73,633</u>                            | <u>180,691</u>                             |
| Fund balances at end of year                              | <u>\$ 66,057</u>                        | <u>\$ 63,554</u>                  | <u>\$86,162</u>                          | <u>\$215,773</u>                           |

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2011** (In thousands)

|   | <b>Gas Tax<br/>and<br/>Roads</b> | <b>Workforce<br/>Development</b> | <b>Community<br/>Development<br/>Block Grant</b> | <b>Community<br/>Services<br/>Facilities</b> | <b>Sewer and<br/>Storm Drain<br/>Construction</b> |
|---|----------------------------------|----------------------------------|--|--|---|
| <b>ASSETS</b>   |                                  |                                  |  |  |   |
| Cash and cash equivalents                             | \$ 2                             |                                  | \$ 1   | \$2,039                                      | \$3,097   |
| Investments   | 3                                |                                  | 1  | 2,866  | 4,353   |
| Accounts receivable, net                              |                                  | \$ 1                             | 2  | 731  | 191   |
| Accrued interest receivable                           |                                  |                                  | 1  | 25   | 13  |
| Notes receivable, net                                 |                                  |                                  | 6,848  |  |   |
| Due from other funds                                  |                                  |                                  | 7,000  |  | 26  |
| Due from other governments                            | 19,409                           | 586                              | 568  | 10   |   |
| Land held for resale, net                             |                                  |                                  |  |  |   |
| Prepaid and other assets                              | 4,214                            |                                  |  | 1  |   |
| Restricted cash and cash equivalents                  |                                  |                                  | 83   |  |   |
| Total assets  | <u>\$23,628</u>                  | <u>\$587</u>                     | <u>\$14,504</u>                                  | <u>\$5,672</u>                               | <u>\$7,680</u>                                    |
| <b>LIABILITIES AND FUND BALANCES</b>                  |                                  |                                  |  |  |   |
| Liabilities:  |                                  |                                  |  |  |   |
| Accounts payable                                      | \$ 4,084                         | \$338                            | \$ 335   | \$ 305                                       | \$ 165  |
| Wages payable   | 73                               | 42                               | 76   | 2  | 2   |
| Deposits  |                                  |                                  |  |  | 1,251   |
| Due to other funds                                    | 3,108                            | 210                              | 164  |  |   |
| Deferred revenues                                     | <u>17,408</u>                    |                                  | <u>6,848</u>                                     | <u>724</u>                                   | <u>\$ 191</u>                                     |
| Total liabilities                                     | <u>24,673</u>                    | <u>590</u>                       | <u>7,423</u>                                     | <u>1,031</u>                                 | <u>1,609</u>                                      |
| Fund balances (deficits):                             |                                  |                                  |  |  |   |
| Nonspendable:   |                                  |                                  |  |  |   |
| Prepaid and other assets                              |                                  |                                  |  |  |   |
| Restricted:   |                                  |                                  |  | 1  |   |
| Capital projects                                      |                                  |                                  | 81   |  |   |
| Development impact projects                           |                                  |                                  |  | 4,254  | 6,071   |
| Grant purposes  |                                  |                                  |  |  |   |
| Homebuyer assistance program                          |                                  |                                  |  |  |   |
| Low and moderate income housing                       |                                  |                                  |  |  |   |
| Anaheim resort maintenance and improvement            |                                  |                                  |  |  |   |
| Street, roads and transportation improvement projects | 4,214                            |                                  |  |  |   |
| Assigned:   |                                  |                                  |  |  |   |
| Debt services   |                                  |                                  | 7,000  |  |   |
| Capital projects                                      |                                  |                                  |  | 386  |   |
| Unassigned:   | <u>(5,259)</u>                   | <u>(3)</u>                       |  |  |   |
| Total fund balances (deficits)                        | <u>(1,045)</u>                   | <u>(3)</u>                       | <u>7,081</u>                                     | <u>4,641</u>                                 | <u>6,071</u>                                      |
| Total liabilities and fund balances (deficits)        | <u>\$23,628</u>                  | <u>\$587</u>                     | <u>\$14,504</u>                                  | <u>\$5,672</u>                               | <u>\$7,680</u>                                    |

(continued)

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2011** (In thousands) (continued)

|   | <u>Grants</u>   | <u>Anaheim<br/>Resort<br/>Maintenance<br/>District</u> | <u>Anaheim<br/>Tourism<br/>Improvement<br/>District</u> | <u>Narcotic<br/>Asset<br/>Forfeiture</u> | <u>Redevelopment<br/>Housing<br/>Set-Aside</u> | <u>Total</u>     |
|---|-----------------|--|---|--|--|------------------|
| <b>ASSETS</b>   |                 |  |   |  |  |                  |
| Cash and cash equivalents                             | \$ 3,032        | \$2,944  | \$ 711  | \$1,833                                  | \$ 3,821                                       | \$ 17,480        |
| Investments   | 4,262           | 4,138  | 998   | 2,577                                    | 5,371  | 24,569           |
| Accounts receivable, net                              |                 |  |   |  | 1  | 926              |
| Accrued interest receivable                           | 17              | 33   | 4   | 23                                       | 40   | 156              |
| Notes receivable, net                                 | 15,015          |  |   |  | 17,808   | 39,671           |
| Due from other funds                                  | 176             |  |   |  | 9,156  | 16,358           |
| Due from other governments                            | 2,988           | 10   |   |  | 11   | 23,582           |
| Land held for resale, net                             |                 |  |   |  | 10,096   | 10,096           |
| Prepaid and other assets                              |                 |  |   |  | 16   | 4,231            |
| Restricted cash and cash equivalents                  |                 |  |   |  |  | 83               |
| Total assets  | <u>\$25,490</u> | <u>\$7,125</u>   | <u>\$1,713</u>  | <u>\$4,433</u>                           | <u>\$46,320</u>                                | <u>\$137,152</u> |
| <b>LIABILITIES AND FUND BALANCES</b>                  |                 |  |   |  |  |                  |
| Liabilities:  |                 |  |   |  |  |                  |
| Accounts payable                                      | \$ 527          | \$ 392   | \$ 387  | \$ 82                                    | \$ 471   | \$ 7,086         |
| Wages payable   | 61              | 15   |   | 31                                       | 51   | 353              |
| Deposits  |                 |  |   |  |  | 1,251            |
| Due to other funds                                    |                 |  |   |  |  | 3,482            |
| Deferred revenues                                     | 15,944          |  |   |  | 17,808   | 58,923           |
| Total liabilities                                     | <u>16,532</u>   | <u>407</u>   | <u>387</u>  | <u>113</u>                               | <u>18,330</u>                                  | <u>71,095</u>    |
| Fund balances (deficits):                             |                 |  |   |  |  |                  |
| Nonspendable:   |                 |  |   |  |  |                  |
| Prepaid and other assets                              |                 |  |   |  | 16   | 17               |
| Restricted:   |                 |  |   |  |  |                  |
| Capital projects                                      |                 |  |   |  |  | 81               |
| Development impact projects                           |                 |  |   |  |  | 10,325           |
| Grant purposes  | 913             |  |   | 4,320                                    |  | 5,233            |
| Homebuyer assistance program                          | 7,598           |  |   |  |  | 7,598            |
| Low and moderate income housing                       |                 |  |   |  | 27,974   | 27,974           |
| Anaheim resort maintenance and improvement            |                 | 6,718  |   |  |  | 6,718            |
| Street, roads and transportation improvement projects |                 |  | 1,326   |  |  | 5,540            |
| Assigned:   |                 |  |   |  |  |                  |
| Debt service  |                 |  |   |  |  | 7,000            |
| Capital projects                                      | 447             |  |   |  |  | 833              |
| Unassigned  |                 |  |   |  |  | (5,262)          |
| Total fund balances (deficits)                        | <u>8,958</u>    | <u>6,718</u>   | <u>1,326</u>  | <u>4,320</u>                             | <u>27,990</u>                                  | <u>66,057</u>    |
| Total liabilities and fund balances (deficits)        | <u>\$25,490</u> | <u>\$7,125</u>   | <u>\$1,713</u>  | <u>\$4,433</u>                           | <u>\$46,320</u>                                | <u>\$137,152</u> |

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2011** (In thousands)

|  | <u>Gas Tax<br/>and<br/>Roads</u> | <u>Workforce<br/>Development</u> | <u>Community<br/>Development<br/>Block Grant</u> | <u>Community<br/>Services<br/>Facilities</u> | <u>Sewer and<br/>Storm Drain<br/>Construction</u> |
|--|----------------------------------|----------------------------------|--|--|---|
| Revenues:  |                                  |                                  |  |  |   |
| Property taxes   |                                  |                                  |  |  |   |
| Licenses, fees and permits                                   | \$ 33                            |                                  |  | \$ 760                                       | \$ 529  |
| Intergovernmental revenues                                   | 29,934                           | \$3,743                          | \$ 5,867   | 1,017  |   |
| Charges for services   | 348                              |                                  | 2  |  |   |
| Use of money and property                                    | 3                                |                                  | 29   | 263  | 123   |
| Other  | 8                                |                                  | 141  |  | 1   |
| Total revenues   | <u>30,326</u>                    | <u>3,743</u>                     | <u>6,039</u>                                     | <u>2,040</u>                                 | <u>653</u>  |
| Expenditures:  |                                  |                                  |  |  |   |
| Current:   |                                  |                                  |  |  |   |
| City Attorney  |                                  |                                  | 120  |  |   |
| Police   |                                  |                                  |  |  |   |
| Fire   |                                  |                                  |  |  |   |
| Community Development  |                                  | 3,753                            | 1,274  |  |   |
| Planning   |                                  |                                  | 1,524  |  |   |
| Public Works   | 3,779                            |                                  |  |  | 380   |
| Community Services   |                                  |                                  | 1,182  | 254  |   |
| Convention, Sports and Entertainment                         |                                  |                                  |  |  |   |
| Capital outlay   | 19,010                           |                                  | 1,865  | 3,246  |   |
| Debt service:  |                                  |                                  |  |  |   |
| Principal retirement   |                                  |                                  | 345  |  |   |
| Interest charges   |                                  |                                  | 268  |  |   |
| Bond issuance costs  |                                  |                                  | 59   |  |   |
| Total expenditures   | <u>22,789</u>                    | <u>3,753</u>                     | <u>6,637</u>                                     | <u>3,500</u>                                 | <u>380</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>7,537</u>                     | <u>(10)</u>                      | <u>(598)</u>                                     | <u>(1,460)</u>                               | <u>273</u>  |
| Other financing sources (uses):                              |                                  |                                  |  |  |   |
| Transfers in   | 513                              |                                  | 119  | 427  | 953   |
| Transfers out  | (5,548)                          |                                  | (500)  |  |   |
| Issuance of loan payable                                     |                                  |                                  | 7,000  |  |   |
| Total other financing sources (uses)                         | <u>(5,035)</u>                   | <u>—</u>                         | <u>6,619</u>                                     | <u>427</u>                                   | <u>953</u>  |
| Net change in fund balances (deficits)                       | 2,502                            | (10)                             | 6,021  | (1,033)                                      | 1,226   |
| Fund balances (deficits) at beginning of year                | <u>(3,547)</u>                   | <u>7</u>                         | <u>1,060</u>                                     | <u>5,674</u>                                 | <u>4,845</u>                                      |
| Fund balances (deficits) at end of year                      | <u>\$ (1,045)</u>                | <u>\$ (3)</u>                    | <u>\$ 7,081</u>                                  | <u>\$4,641</u>                               | <u>\$6,071</u>                                    |

(continued)

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2011** (In thousands) (continued)

|  | <u>Grants</u>   | <u>Anaheim<br/>Resort<br/>Maintenance<br/>District</u> | <u>Anaheim<br/>Tourism<br/>Improvement<br/>District</u> | <u>Narcotic<br/>Asset<br/>Forfeiture</u> | <u>Redevelopment<br/>Housing<br/>Set-Aside</u> | <u>Total</u>    |
|--|-----------------|--|---|--|--|-----------------|
| Revenues:  |                 |  |   |  |  |                 |
| Property taxes   |                 |  |   |  | \$14,112                                       | \$14,112        |
| Licenses, fees and permits                                   | \$ 41           |  |   |  |  | 1,363           |
| Intergovernmental revenues                                   | 22,562          |  |   | \$3,049                                  |  | 66,172          |
| Charges for services   | 1               | \$4,381  | \$5,539   |  |  | 10,271          |
| Use of money and property                                    | 88              | 80   | 6   | 68                                       | 1,371  | 2,031           |
| Other  | 116             |  |   |  | 191  | 457             |
| Total revenues   | <u>22,808</u>   | <u>4,461</u>   | <u>5,545</u>  | <u>3,117</u>                             | <u>15,674</u>                                  | <u>94,406</u>   |
| Expenditures:  |                 |  |   |  |  |                 |
| Current:   |                 |  |   |  |  |                 |
| City Attorney  |                 |  |   |  |  | 120             |
| Police   | 7,315           |  |   | 2,379                                    |  | 9,694           |
| Fire   | 725             |  |   |  |  | 725             |
| Community Development  | 5,069           |  |   |  | 6,274  | 16,370          |
| Planning   |                 |  |   |  |  | 1,524           |
| Public Works   |                 | 4,035  |   |  |  | 8,194           |
| Community Services   | 83              |  |   |  |  | 1,519           |
| Convention, Sports and Entertainment                         |                 |  | 3,972   |  |  | 3,972           |
| Capital outlay   | 1,634           |  |   | 13                                       | 551  | 26,319          |
| Debt service:  |                 |  |   |  |  |                 |
| Principal retirement   |                 |  |   | 116                                      |  | 461             |
| Interest charges   |                 |  |   | 91                                       | 6  | 365             |
| Bond issuance costs  |                 |  |   |  |  | 59              |
| Total expenditures   | <u>14,826</u>   | <u>4,035</u>   | <u>3,972</u>  | <u>2,599</u>                             | <u>6,831</u>                                   | <u>69,322</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>7,982</u>    | <u>426</u>   | <u>1,573</u>  | <u>518</u>                               | <u>8,843</u>                                   | <u>25,084</u>   |
| Other financing sources (uses):                              |                 |  |   |  |  |                 |
| Transfers in   | 361             | 200  |   |  | 4,964  | 7,537           |
| Transfers out  | (952)           |  | (247)   |  | (4,173)  | (11,420)        |
| Issuance of loan payable                                     |                 |  |   |  |  | 7,000           |
| Total other financing sources (uses)                         | <u>(591)</u>    | <u>200</u>   | <u>(247)</u>  |  | <u>791</u>                                     | <u>3,117</u>    |
| Net change in fund balances (deficits)                       | 7,391           | 626  | 1,326   | 518                                      | 9,634  | 28,201          |
| Fund balances (deficits) at beginning of year                | <u>1,567</u>    | <u>6,092</u>   |   | <u>3,802</u>                             | <u>18,356</u>                                  | <u>37,856</u>   |
| Fund balances (deficits) at end of year                      | <u>\$ 8,958</u> | <u>\$6,718</u>   | <u>\$1,326</u>  | <u>\$4,320</u>                           | <u>\$27,990</u>                                | <u>\$66,057</u> |

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2011** (In thousands)

|  | Gas Tax and Roads            |                          |                                  | Workforce Development        |                      |                                  |
|--|------------------------------|--------------------------|----------------------------------|------------------------------|----------------------|----------------------------------|
|  | Final<br>Budgeted<br>Amounts | Actual<br>Amounts        | Variance<br>with Final<br>Budget | Final<br>Budgeted<br>Amounts | Actual<br>Amounts    | Variance<br>with Final<br>Budget |
| Revenues:  |                              |                          |                                  |                              |                      |                                  |
| Property taxes   |                              |                          |                                  |                              |                      |                                  |
| Licenses, fees and permits                                 | \$ 35                        | \$ 33                    | \$ (2)                           |                              |                      |                                  |
| Intergovernmental revenues                                 | 55,140                       | 29,934                   | (25,206)                         | \$5,588                      | \$3,743              | \$(1,845)                        |
| Charges for services                                       | 580                          | 348                      | (232)                            |                              |                      |                                  |
| Use of money and property                                  | 8                            | 3                        | (5)                              |                              |                      |                                  |
| Other  | 8                            | 8                        | -                                |                              |                      |                                  |
| Total revenues   | <u>55,771</u>                | <u>30,326</u>            | <u>(25,445)</u>                  | <u>5,588</u>                 | <u>3,743</u>         | <u>(1,845)</u>                   |
| Expenditures:  |                              |                          |                                  |                              |                      |                                  |
| Current:   |                              |                          |                                  |                              |                      |                                  |
| City Attorney  |                              |                          |                                  |                              |                      |                                  |
| Police   |                              |                          |                                  |                              |                      |                                  |
| Fire   |                              |                          |                                  |                              |                      |                                  |
| Community Development                                      |                              |                          |                                  | 5,610                        | 3,753                | (1,857)                          |
| Planning   | 163                          | 163                      |                                  |                              |                      |                                  |
| Public Works   | 55,343                       | 22,626                   | (32,717)                         |                              |                      |                                  |
| Community Services   |                              |                          |                                  |                              |                      |                                  |
| Convention, Sports and Entertainment                       |                              |                          |                                  |                              |                      |                                  |
| Total expenditures   | <u>55,506</u>                | <u>22,789</u>            | <u>(32,717)</u>                  | <u>5,610</u>                 | <u>3,753</u>         | <u>(1,857)</u>                   |
| Excess (deficiency) of revenues over (under) expenditures  | <u>265</u>                   | <u>7,537</u>             | <u>7,272</u>                     | <u>(22)</u>                  | <u>(10)</u>          | <u>12</u>                        |
| Other financing sources (uses):                            |                              |                          |                                  |                              |                      |                                  |
| Transfers in   | 66                           | 513                      | 447                              |                              |                      |                                  |
| Transfers out  | (7,200)                      | (5,548)                  | 1,652                            |                              |                      |                                  |
| Issuance of loan payable                                   |                              |                          |                                  |                              |                      |                                  |
| Total other financing sources (uses)                       | <u>(7,134)</u>               | <u>(5,035)</u>           | <u>2,099</u>                     |                              |                      |                                  |
| Net change in fund balances (deficits)                     | <u>(6,869)</u>               | <u>2,502</u>             | <u>9,371</u>                     | <u>(22)</u>                  | <u>(10)</u>          | <u>12</u>                        |
| Fund balances (deficits) at beginning of year              | <u>(3,547)</u>               | <u>(3,547)</u>           |                                  | <u>7</u>                     | <u>7</u>             |                                  |
| Fund balances (deficits) at end of year                    | <u><u>\$ (10,416)</u></u>    | <u><u>(1,045)</u></u>    | <u><u>\$ 9,371</u></u>           | <u><u>\$ (15)</u></u>        | <u><u>(3)</u></u>    | <u><u>\$ 12</u></u>              |
| Adjustments to reconcile to GAAP:                          |                              |                          |                                  |                              |                      |                                  |
| Proceeds on sale of land held for resale                   |                              |                          |                                  |                              |                      |                                  |
| Transfer of land held for resale to Redevelopment Projects |                              |                          |                                  |                              |                      |                                  |
| Purchases of land held for resale                          |                              |                          |                                  |                              |                      |                                  |
| Transfer of City capital assets to land held for resale    |                              |                          |                                  |                              |                      |                                  |
| Decline in value of land held for resale                   |                              |                          |                                  |                              |                      |                                  |
| Repayment of interfund loan                                |                              |                          |                                  |                              |                      |                                  |
| Ending fund balances (deficit) – GAAP basis                |                              | <u><u>\$ (1,045)</u></u> |                                  |                              | <u><u>\$ (3)</u></u> |                                  |

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2011** (In thousands) (continued)

|  | Community Development Block Grant |                   |                                  | Community Services Facilities |                   |                                  |
|--|-----------------------------------|-------------------|----------------------------------|-------------------------------|-------------------|----------------------------------|
|  | Final<br>Budgeted<br>Amounts      | Actual<br>Amounts | Variance<br>with Final<br>Budget | Final<br>Budgeted<br>Amounts  | Actual<br>Amounts | Variance<br>with Final<br>Budget |
| Revenues:  |                                   |                   |                                  |                               |                   |                                  |
| Property taxes   |                                   |                   |                                  |                               | \$ 760            | \$ 760                           |
| Licenses, fees and permits                                 |                                   |                   |                                  |                               | 1,017             | 756                              |
| Intergovernmental revenues                                 | \$ 9,140                          | \$ 5,867          | \$ (3,273)                       | \$ 261                        | 393               | (393)                            |
| Charges for services                                       |                                   | 2                 | 2                                |                               |                   |                                  |
| Use of money and property                                  | 40                                | 29                | (11)                             | 191                           | 263               | 72                               |
| Other  | 195                               | 141               | (54)                             |                               |                   |                                  |
| Total revenues   | <u>9,375</u>                      | <u>6,039</u>      | <u>(3,336)</u>                   | <u>845</u>                    | <u>2,040</u>      | <u>1,195</u>                     |
| Expenditures:  |                                   |                   |                                  |                               |                   |                                  |
| Current:   |                                   |                   |                                  |                               |                   |                                  |
| City Attorney  | 120                               | 120               |                                  |                               |                   |                                  |
| Police   |                                   |                   |                                  |                               |                   |                                  |
| Fire   |                                   |                   |                                  |                               |                   |                                  |
| Community Development                                      | 11,682                            | 3,747             | (7,935)                          |                               |                   |                                  |
| Planning   | 1,709                             | 1,524             | (185)                            |                               |                   |                                  |
| Public Works   | 222                               | 64                | (158)                            |                               |                   |                                  |
| Community Services   | 1,494                             | 1,182             | (312)                            | 3,500                         | 3,500             |                                  |
| Convention, Sports and Entertainment                       |                                   |                   |                                  |                               |                   |                                  |
| Total expenditures   | <u>15,227</u>                     | <u>6,637</u>      | <u>(8,590)</u>                   | <u>3,500</u>                  | <u>3,500</u>      |                                  |
| Excess (deficiency) of revenues over (under) expenditures  | <u>(5,852)</u>                    | <u>(598)</u>      | <u>5,254</u>                     | <u>(2,655)</u>                | <u>(1,460)</u>    | <u>1,195</u>                     |
| Other financing sources (uses):                            |                                   |                   |                                  |                               |                   |                                  |
| Transfers in   |                                   | 119               | 119                              |                               | 427               | 427                              |
| Transfers out  | (12,200)                          | (500)             | 11,700                           |                               |                   |                                  |
| Issuance of loan payable                                   | 7,000                             | 7,000             |                                  |                               |                   |                                  |
| Total other financing sources (uses)                       | <u>(5,200)</u>                    | <u>6,619</u>      | <u>11,819</u>                    |                               | <u>427</u>        | <u>427</u>                       |
| Net change in fund balances (deficits)                     | <u>(11,052)</u>                   | <u>6,021</u>      | <u>17,073</u>                    | <u>(2,655)</u>                | <u>(1,033)</u>    | <u>1,622</u>                     |
| Fund balances (deficits) at beginning of year              | <u>1,060</u>                      | <u>1,060</u>      |                                  | <u>5,674</u>                  | <u>5,674</u>      |                                  |
| Fund balances (deficits) at end of year                    | <u>\$ (9,992)</u>                 | <u>7,081</u>      | <u>\$ 17,073</u>                 | <u>\$ 3,019</u>               | <u>4,641</u>      | <u>\$ 1,622</u>                  |
| Adjustments to reconcile to GAAP:                          |                                   |                   |                                  |                               |                   |                                  |
| Proceeds on sale of land held for resale                   |                                   |                   |                                  |                               |                   |                                  |
| Transfer of land held for resale to Redevelopment Projects |                                   |                   |                                  |                               |                   |                                  |
| Purchases of land held for resale                          |                                   |                   |                                  |                               |                   |                                  |
| Transfer of City capital assets to land held for resale    |                                   |                   |                                  |                               |                   |                                  |
| Decline in value of land held for resale                   |                                   |                   |                                  |                               |                   |                                  |
| Repayment of interfund loan                                |                                   |                   |                                  |                               |                   |                                  |
| Ending fund balances (deficit) – GAAP basis                |                                   | <u>\$ 7,081</u>   |                                  |                               | <u>\$ 4,641</u>   |                                  |

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2011** (In thousands) (continued)

|  | Sewer and Storm Drain Construction |                   |                                  | Grants                       |                   |                                  |
|--|------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|----------------------------------|
|  | Final<br>Budgeted<br>Amounts       | Actual<br>Amounts | Variance<br>with Final<br>Budget | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>with Final<br>Budget |
| Revenues:  |                                    |                   |                                  |                              |                   |                                  |
| Property taxes   |                                    |                   |                                  |                              |                   |                                  |
| Licenses, fees and permits                                 | \$ 202                             | \$ 529            | \$ 327                           | 30                           | 41                | 11                               |
| Intergovernmental revenues                                 |                                    |                   |                                  | \$44,709                     | \$22,562          | \$(22,147)                       |
| Charges for services                                       |                                    |                   |                                  |                              | 1                 | 1                                |
| Use of money and property                                  |                                    | 123               | 123                              | 68                           | 88                | 20                               |
| Other  |                                    | 1                 | 1                                | 55                           | 116               | 61                               |
| Total revenues   | <u>202</u>                         | <u>653</u>        | <u>451</u>                       | <u>44,862</u>                | <u>22,808</u>     | <u>(22,054)</u>                  |
| Expenditures:  |                                    |                   |                                  |                              |                   |                                  |
| Current:   |                                    |                   |                                  |                              |                   |                                  |
| City Attorney  |                                    |                   |                                  |                              |                   |                                  |
| Police   |                                    |                   |                                  | 21,609                       | 8,827             | (12,782)                         |
| Fire   |                                    |                   |                                  | 1,213                        | 725               | (488)                            |
| Community Development                                      |                                    |                   |                                  | 11,038                       | 5,069             | (5,969)                          |
| Planning   |                                    |                   |                                  |                              |                   |                                  |
| Public Works   | 780                                | 380               | (400)                            |                              |                   |                                  |
| Community Services   |                                    |                   |                                  | 548                          | 205               | (343)                            |
| Convention, Sports and Entertainment                       |                                    |                   |                                  |                              |                   |                                  |
| Total expenditures   | <u>780</u>                         | <u>380</u>        | <u>(400)</u>                     | <u>34,408</u>                | <u>14,826</u>     | <u>(19,582)</u>                  |
| Excess (deficiency) of revenues over (under) expenditures  | <u>(578)</u>                       | <u>273</u>        | <u>851</u>                       | <u>10,454</u>                | <u>7,982</u>      | <u>(2,472)</u>                   |
| Other financing sources (uses):                            |                                    |                   |                                  |                              |                   |                                  |
| Transfers in   |                                    | 953               | 953                              |                              | 361               | 361                              |
| Transfers out  |                                    |                   |                                  |                              | (952)             | (952)                            |
| Issuance of loan payable                                   |                                    |                   |                                  |                              |                   |                                  |
| Total other financing sources (uses)                       |                                    | <u>953</u>        | <u>953</u>                       |                              | <u>(591)</u>      | <u>(591)</u>                     |
| Net change in fund balances (deficits)                     | <u>(578)</u>                       | <u>1,226</u>      | <u>1,804</u>                     | <u>10,454</u>                | <u>7,391</u>      | <u>(3,063)</u>                   |
| Fund balances (deficits) at beginning of year              | <u>4,845</u>                       | <u>4,845</u>      |                                  | <u>1,567</u>                 | <u>1,567</u>      |                                  |
| Fund balances (deficits) at end of year                    | <u>\$4,267</u>                     | <u>6,071</u>      | <u>\$1,804</u>                   | <u>\$12,021</u>              | <u>8,958</u>      | <u>\$ (3,063)</u>                |
| Adjustments to reconcile to GAAP:                          |                                    |                   |                                  |                              |                   |                                  |
| Proceeds on sale of land held for resale                   |                                    |                   |                                  |                              |                   |                                  |
| Transfer of land held for resale to Redevelopment Projects |                                    |                   |                                  |                              |                   |                                  |
| Purchases of land held for resale                          |                                    |                   |                                  |                              |                   |                                  |
| Transfer of City capital assets to land held for resale    |                                    |                   |                                  |                              |                   |                                  |
| Decline in value of land held for resale                   |                                    |                   |                                  |                              |                   |                                  |
| Repayment of interfund loan                                |                                    |                   |                                  |                              |                   |                                  |
| Ending fund balances (deficit) – GAAP basis                |                                    | <u>\$6,071</u>    |                                  |                              | <u>\$ 8,958</u>   |                                  |

(continued)



**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2011** (In thousands) (continued)

|  | Anaheim Resort Maintenance District |                       |                                  | Tourism Improvement District |                       |                                  |
|--|-------------------------------------|-----------------------|----------------------------------|------------------------------|-----------------------|----------------------------------|
|  | Final<br>Budgeted<br>Amounts        | Actual<br>Amounts     | Variance<br>with Final<br>Budget | Final<br>Budgeted<br>Amounts | Actual<br>Amounts     | Variance<br>with Final<br>Budget |
| Revenues:  |                                     |                       |                                  |                              |                       |                                  |
| Property taxes   |                                     |                       |                                  |                              |                       |                                  |
| Licenses, fees and permits                                 |                                     |                       |                                  |                              |                       |                                  |
| Intergovernmental revenues                                 |                                     |                       |                                  | \$ 5,468                     | \$5,539               | \$ 71                            |
| Charges for services                                       | \$4,487                             | \$4,381               | \$ (106)                         |                              |                       |                                  |
| Use of money and property                                  | 127                                 | 80                    | (47)                             |                              | 6                     | 6                                |
| Other  | 4                                   |                       | (4)                              |                              |                       |                                  |
| Total revenues   | <u>4,618</u>                        | <u>4,461</u>          | <u>(157)</u>                     | <u>5,468</u>                 | <u>5,545</u>          | <u>77</u>                        |
| Expenditures:  |                                     |                       |                                  |                              |                       |                                  |
| Current:   |                                     |                       |                                  |                              |                       |                                  |
| City Attorney  |                                     |                       |                                  |                              |                       |                                  |
| Police   |                                     |                       |                                  |                              |                       |                                  |
| Fire   |                                     |                       |                                  |                              |                       |                                  |
| Community Development                                      |                                     |                       |                                  |                              |                       |                                  |
| Planning   |                                     |                       |                                  |                              |                       |                                  |
| Public Works   | 4,698                               | 4,035                 | (663)                            |                              |                       |                                  |
| Community Services   |                                     |                       |                                  | 4,060                        | 3,972                 | (88)                             |
| Convention, Sport and Entertainment                        |                                     |                       |                                  |                              |                       |                                  |
| Total expenditures   | <u>4,698</u>                        | <u>4,035</u>          | <u>(663)</u>                     | <u>4,060</u>                 | <u>3,972</u>          | <u>(88)</u>                      |
| Excess (deficiency) of revenues over (under) expenditures  | <u>(80)</u>                         | <u>426</u>            | <u>506</u>                       | <u>1,408</u>                 | <u>1,573</u>          | <u>165</u>                       |
| Other financing sources (uses):                            |                                     |                       |                                  |                              |                       |                                  |
| Transfers in   | 200                                 | 200                   |                                  |                              |                       |                                  |
| Transfers out  |                                     |                       |                                  |                              | (247)                 | (247)                            |
| Issuance of loan payable                                   |                                     |                       |                                  |                              |                       |                                  |
| Total other financing sources (uses)                       | <u>200</u>                          | <u>200</u>            |                                  |                              | <u>(247)</u>          | <u>(247)</u>                     |
| Net change in fund balances (deficits)                     | 120                                 | 626                   | 506                              | 1,408                        | 1,326                 | (82)                             |
| Fund balances (deficits) at beginning of year              | <u>6,092</u>                        | <u>6,092</u>          |                                  |                              |                       |                                  |
| Fund balances (deficits) at end of year                    | <u><u>\$6,212</u></u>               | <u><u>6,718</u></u>   | <u><u>\$ 506</u></u>             | <u><u>\$ 1,408</u></u>       | <u><u>1,326</u></u>   | <u><u>\$ (82)</u></u>            |
| Adjustments to reconcile to GAAP:                          |                                     |                       |                                  |                              |                       |                                  |
| Proceeds on sale of land held for resale                   |                                     |                       |                                  |                              |                       |                                  |
| Transfer of land held for resale to Redevelopment Projects |                                     |                       |                                  |                              |                       |                                  |
| Purchases of land held for resale                          |                                     |                       |                                  |                              |                       |                                  |
| Transfer of City capital assets to land held for resale    |                                     |                       |                                  |                              |                       |                                  |
| Decline in value of land held for resale                   |                                     |                       |                                  |                              |                       |                                  |
| Repayment of interfund loan                                |                                     |                       |                                  |                              |                       |                                  |
| Ending fund balances (deficit) – GAAP basis                |                                     | <u><u>\$6,718</u></u> |                                  |                              | <u><u>\$1,326</u></u> |                                  |

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2011** (In thousands) (continued)

|  | Narcotic Asset Forfeiture    |                   |                                  | Redevelopment Housing Set-Aside |                   |                                  |
|--|------------------------------|-------------------|----------------------------------|---------------------------------|-------------------|----------------------------------|
|  | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>with Final<br>Budget | Final<br>Budgeted<br>Amounts    | Actual<br>Amounts | Variance<br>with Final<br>Budget |
| Revenues:  |                              |                   |                                  |                                 |                   |                                  |
| Property taxes   |                              |                   |                                  | \$12,426                        | \$14,112          | \$ 1,686                         |
| Licenses, fees and permits                                 |                              |                   |                                  |                                 |                   |                                  |
| Intergovernmental revenues                                 | \$ 1,034                     | \$3,049           | \$ 2,015                         |                                 |                   |                                  |
| Charges for services                                       |                              |                   |                                  |                                 |                   |                                  |
| Use of money and property                                  | 440                          | 68                | (372)                            | 4,775                           | 5,384             | 609                              |
| Other  |                              |                   |                                  | 4,618                           | 191               | (4,427)                          |
| Total revenues   | <u>1,474</u>                 | <u>3,117</u>      | <u>1,643</u>                     | <u>21,819</u>                   | <u>19,687</u>     | <u>(2,132)</u>                   |
| Expenditures:  |                              |                   |                                  |                                 |                   |                                  |
| Current:   |                              |                   |                                  |                                 |                   |                                  |
| City Attorney  |                              |                   |                                  |                                 |                   |                                  |
| Police   | 2,599                        | 2,599             |                                  |                                 |                   |                                  |
| Fire   |                              |                   |                                  |                                 |                   |                                  |
| Community Development                                      |                              |                   |                                  | 7,914                           | 7,481             | (433)                            |
| Planning   |                              |                   |                                  |                                 |                   |                                  |
| Public Works   |                              |                   |                                  |                                 |                   |                                  |
| Community Services   |                              |                   |                                  |                                 |                   |                                  |
| Convention, Sports and Entertainment                       |                              |                   |                                  |                                 |                   |                                  |
| Total expenditures   | <u>2,599</u>                 | <u>2,599</u>      |                                  | <u>7,914</u>                    | <u>7,481</u>      | <u>(433)</u>                     |
| Excess (deficiency) of revenues over (under) expenditures  | <u>(1,125)</u>               | <u>518</u>        | <u>1,643</u>                     | <u>13,905</u>                   | <u>12,206</u>     | <u>(1,699)</u>                   |
| Other financing sources (uses):                            |                              |                   |                                  |                                 |                   |                                  |
| Transfers in   |                              |                   |                                  | 10,461                          | 4,964             | (5,497)                          |
| Transfers out  |                              |                   |                                  | (2,430)                         | (4,173)           | (1,743)                          |
| Issuance of loan payable                                   |                              |                   |                                  |                                 |                   |                                  |
| Total other financing sources (uses)                       |                              |                   |                                  | <u>8,031</u>                    | <u>791</u>        | <u>(7,240)</u>                   |
| Net change in fund balances                                | <u>(1,125)</u>               | <u>518</u>        | <u>1,643</u>                     | <u>21,936</u>                   | <u>12,997</u>     | <u>(8,939)</u>                   |
| Fund balances (deficits) at beginning of year              | <u>3,802</u>                 | <u>3,802</u>      |                                  | <u>18,356</u>                   | <u>18,356</u>     |                                  |
| Fund balances (deficits) at end of year                    | <u>\$ 2,677</u>              | <u>\$4,320</u>    | <u>\$ 1,643</u>                  | <u>\$40,292</u>                 | <u>31,353</u>     | <u>\$ (8,939)</u>                |
| Adjustments to reconcile to GAAP:                          |                              |                   |                                  |                                 |                   |                                  |
| Proceeds on sale of land held for resale                   |                              |                   |                                  |                                 | (3,032)           |                                  |
| Transfer of land held for resale to Redevelopment Projects |                              |                   |                                  |                                 | (981)             |                                  |
| Purchases of land held for resale                          |                              |                   |                                  |                                 | 313               |                                  |
| Transfer of City capital assets to land held for resale    |                              |                   |                                  |                                 | 18                |                                  |
| Decline in value of land held for resale                   |                              |                   |                                  |                                 | (281)             |                                  |
| Repayment of interfund loan                                |                              |                   |                                  |                                 | 600               |                                  |
| Ending fund balances (deficit) – GAAP basis                |                              | <u>\$4,320</u>    |                                  |                                 | <u>\$27,990</u>   |                                  |

**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2011** (In thousands)

|                                      | <u>General<br/>Obligation Bonds</u> | <u>Redevelopment<br/>Agency</u> | <u>Municipal<br/>Facilities</u> | <u>Anaheim Resort<br/>Improvements</u> | <u>Total</u>    |
|--------------------------------------|-------------------------------------|---------------------------------|---------------------------------|--|-----------------|
| <b>ASSETS</b>                        |                                     |                                 |                                 |  |                 |
| Cash and cash equivalents            | \$275                               | \$ 5,144                        | \$ 4                            |  | \$ 5,423        |
| Investments                          | 386                                 | 7,230                           | 5                               |  | 7,621           |
| Accounts receivable, net             |                                     | 51                              |                                 |  | 51              |
| Accrued interest receivable          | 3                                   | 83                              | 20                              |  | 106             |
| Due from other governments           | 3                                   | 25                              |                                 |  | 28              |
| Prepaid and other assets             |                                     | 3                               |                                 |  | 3               |
| Restricted cash and cash equivalents |                                     | 10,622                          | 521                             | \$16,174                               | 27,317          |
| Restricted investments               |                                     |                                 | 1,874                           | 31,917                                 | 33,791          |
| Total assets                         | <u>\$667</u>                        | <u>\$23,158</u>                 | <u>\$2,424</u>                  | <u>\$48,091</u>                        | <u>\$74,340</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |                                     |                                 |                                 |  |                 |
| Liabilities:                         |                                     |                                 |                                 |  |                 |
| Accounts payable                     |                                     | \$ 2,601                        | \$ 5                            | \$ 4                                   | \$ 2,610        |
| Due to other funds                   |                                     | 8,176                           |                                 |  | 8,176           |
| Total liabilities                    |                                     | <u>10,777</u>                   | <u>5</u>                        | <u>4</u>                               | <u>10,786</u>   |
| Fund balances:                       |                                     |                                 |                                 |  |                 |
| Nonspendable:                        |                                     |                                 |                                 |  |                 |
| Prepaid and other assets             |                                     | 3                               |                                 |  | 3               |
| Restricted:                          |                                     |                                 |                                 |  |                 |
| Debt service                         | 667                                 | 16,190                          | 2,419                           | 48,087                                 | 67,363          |
| Unassigned                           |                                     | (3,812)                         |                                 |  | (3,812)         |
| Total fund balances                  | <u>667</u>                          | <u>12,381</u>                   | <u>2,419</u>                    | <u>48,087</u>                          | <u>63,554</u>   |
| Total liabilities and fund balances  | <u>\$667</u>                        | <u>\$23,158</u>                 | <u>\$2,424</u>                  | <u>\$48,091</u>                        | <u>\$74,340</u> |

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**Year Ended June 30, 2011** (In thousands)

|   | <u>General<br/>Obligation Bonds</u> | <u>Redevelopment<br/>Agency</u> | <u>Municipal<br/>Facilities</u> | <u>Anaheim Resort<br/>Improvements</u> | <u>Total</u>     |
|---|-------------------------------------|---------------------------------|---------------------------------|--|------------------|
| Revenues:   |                                     |                                 |                                 |  |                  |
| Property taxes  | \$694                               | \$ 32,928                       |                                 |  | \$ 33,622        |
| Intergovernmental revenues                                | 6                                   |                                 |                                 |  | 6                |
| Use of money and property                                 | 6                                   | 523                             | \$ 124                          | \$ 1                                   | 654              |
| Total revenues  | <u>706</u>                          | <u>33,451</u>                   | <u>124</u>                      | <u>1</u>                               | <u>34,282</u>    |
| Expenditures:   |                                     |                                 |                                 |  |                  |
| Current:  |                                     |                                 |                                 |  |                  |
| Finance   |                                     |                                 |                                 | 23                                     | 23               |
| Community Development                                     |                                     | 8,717                           |                                 |  | 8,717            |
| Debt service:   |                                     |                                 |                                 |  |                  |
| Principal retirement                                      | 520                                 | 699                             | 1,311                           | 8,805                                  | 11,335           |
| Interest charges  | 170                                 | 11,688                          | 1,018                           | 19,278                                 | 32,154           |
| Total expenditures  | <u>690</u>                          | <u>21,104</u>                   | <u>2,329</u>                    | <u>28,106</u>                          | <u>52,229</u>    |
| Excess (deficiency) of revenues over (under) expenditures | <u>16</u>                           | <u>12,347</u>                   | <u>(2,205)</u>                  | <u>(28,105)</u>                        | <u>(17,947)</u>  |
| Other financing sources (uses):                           |                                     |                                 |                                 |  |                  |
| Transfers in  |                                     | 1,522                           | 2,205                           | 28,866                                 | 32,593           |
| Transfers out   |                                     | (20,294)                        |                                 |  | (20,294)         |
| Total other financing sources (uses)                      |                                     | <u>(18,772)</u>                 | <u>2,205</u>                    | <u>28,866</u>                          | <u>12,299</u>    |
| Net change in fund balances                               | 16                                  | (6,425)                         |                                 | 761                                    | (5,648)          |
| Fund balances at beginning of year                        | <u>651</u>                          | <u>18,806</u>                   | <u>2,419</u>                    | <u>47,326</u>                          | <u>69,202</u>    |
| Fund balances at end of year                              | <u>\$667</u>                        | <u>\$ 12,381</u>                | <u>\$ 2,419</u>                 | <u>\$ 48,087</u>                       | <u>\$ 63,554</u> |

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – All Debt Service Funds**  
**Year Ended June 30, 2011** (In thousands)

|   | General Obligation Bonds     |                   |                                  | Redevelopment Agency         |                   |                                  |
|---|------------------------------|-------------------|----------------------------------|------------------------------|-------------------|----------------------------------|
|   | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>with Final<br>Budget | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>with Final<br>Budget |
| Revenues:   |                              |                   |                                  |                              |                   |                                  |
| Property taxes  | \$692                        | \$694             | \$ 2                             | \$ 28,995                    | \$ 32,928         | \$ 3,933                         |
| Intergovernmental revenues                                | 6                            | 6                 |                                  |                              |                   |                                  |
| Use of money and property                                 | 8                            | 6                 | (2)                              | 446                          | 523               | 77                               |
| Total revenues  | <u>706</u>                   | <u>706</u>        | <u>—</u>                         | <u>29,441</u>                | <u>33,451</u>     | <u>4,010</u>                     |
| Expenditures:   |                              |                   |                                  |                              |                   |                                  |
| Finance   |                              |                   |                                  |                              |                   |                                  |
| Community Development                                     |                              |                   |                                  | 21,104                       | 21,104            |                                  |
| Public Works  | 692                          | 690               | (2)                              |                              |                   |                                  |
| Convention, Sports and Entertainment                      |                              |                   |                                  |                              |                   |                                  |
| Total expenditures  | <u>692</u>                   | <u>690</u>        | <u>(2)</u>                       | <u>21,104</u>                | <u>21,104</u>     | <u>—</u>                         |
| Excess (deficiency) of revenues over (under) expenditures | <u>14</u>                    | <u>16</u>         | <u>2</u>                         | <u>8,337</u>                 | <u>12,347</u>     | <u>4,010</u>                     |
| Other financing sources (uses):                           |                              |                   |                                  |                              |                   |                                  |
| Transfers in  |                              |                   |                                  | 1,219                        | 1,522             | 303                              |
| Transfers out   | —                            | —                 | —                                | (21,126)                     | (20,294)          | 832                              |
| Total other financing sources (uses)                      | <u>—</u>                     | <u>—</u>          | <u>—</u>                         | <u>(19,907)</u>              | <u>(18,772)</u>   | <u>1,135</u>                     |
| Net change in fund balances                               | 14                           | 16                | 2                                | (11,570)                     | (6,425)           | 5,145                            |
| Fund balances at beginning of year                        | <u>651</u>                   | <u>651</u>        | <u>—</u>                         | <u>18,806</u>                | <u>18,806</u>     | <u>—</u>                         |
| Fund balances at end of year                              | <u>\$665</u>                 | <u>\$667</u>      | <u>\$ 2</u>                      | <u>\$ 7,236</u>              | <u>\$ 12,381</u>  | <u>\$ 5,145</u>                  |

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – All Debt Service Funds**  
**Year Ended June 30, 2011** (In thousands) (continued)

|   | Municipal Facilities         |                   |                                  | Anaheim Resort Improvements  |                   |                                  |
|---|------------------------------|-------------------|----------------------------------|------------------------------|-------------------|----------------------------------|
|   | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>with Final<br>Budget | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>with Final<br>Budget |
| Revenues:   |                              |                   |                                  |                              |                   |                                  |
| Property taxes  |                              |                   |                                  |                              |                   |                                  |
| Intergovernmental revenues                                |                              |                   |                                  |                              |                   |                                  |
| Use of money and property                                 | \$ 124                       | \$ 124            | \$                               | \$ 29                        | \$ 1              | \$ (28)                          |
| Total revenues  | <u>124</u>                   | <u>124</u>        | <u></u>                          | <u>29</u>                    | <u>1</u>          | <u>(28)</u>                      |
| Expenditures:   |                              |                   |                                  |                              |                   |                                  |
| Finance   |                              |                   |                                  | 28,115                       | 28,106            | (9)                              |
| Community Development                                     |                              |                   |                                  |                              |                   |                                  |
| Public Works  | 594                          | 594               |                                  |                              |                   |                                  |
| Convention, Sports and Entertainment                      | 1,735                        | 1,735             |                                  |                              |                   |                                  |
| Total expenditures  | <u>2,329</u>                 | <u>2,329</u>      | <u></u>                          | <u>28,115</u>                | <u>28,106</u>     | <u>(9)</u>                       |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,205)</u>               | <u>(2,205)</u>    | <u></u>                          | <u>(28,086)</u>              | <u>(28,105)</u>   | <u>(19)</u>                      |
| Other financing sources (uses):                           |                              |                   |                                  |                              |                   |                                  |
| Transfers in  | 2,205                        | 2,205             |                                  | 29,333                       | 28,866            | (467)                            |
| Transfers out   |                              |                   |                                  |                              |                   |                                  |
| Total other financing sources (uses)                      | <u>2,205</u>                 | <u>2,205</u>      | <u></u>                          | <u>29,333</u>                | <u>28,866</u>     | <u>(467)</u>                     |
| Net change in fund balances                               |                              |                   |                                  | 1,247                        | 761               | (486)                            |
| Fund balances at beginning of year                        | <u>2,419</u>                 | <u>2,419</u>      | <u></u>                          | <u>47,326</u>                | <u>47,326</u>     | <u></u>                          |
| Fund balances at end of year                              | <u>\$ 2,419</u>              | <u>\$ 2,419</u>   | <u>\$</u>                        | <u>\$ 48,573</u>             | <u>\$ 48,087</u>  | <u>\$ (486)</u>                  |

**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2011** (In thousands)

|  | Redevelopment<br>Projects | Transportation<br>Improvement<br>Projects | Development<br>Impact<br>Projects | Other Capital<br>Improvements | Mello-Roos<br>Projects | Total            |
|--|---------------------------|---|-----------------------------------|-------------------------------|------------------------|------------------|
| <b>ASSETS</b>  |                           |   |                                   |                               |                        |                  |
| Cash and cash equivalents                              | \$ 2,911                  |   | \$ 8,376                          | \$ 764                        | \$ 3,363               | \$ 15,414        |
| Investments  | 4,092                     |   | 11,772                            | 1,073                         | 4,726                  | 21,663           |
| Accounts receivable, net                               | 23                        |   | 165                               |                               |                        | 188              |
| Accrued interest receivable                            | 35                        |   | 72                                | 27                            | 40                     | 174              |
| Notes receivable, net                                  | 2,790                     |   |                                   |                               |                        | 2,790            |
| Due from other funds                                   | 1,936                     |   | 1,500                             | 14,310                        |                        | 17,746           |
| Due from other governments                             | 180                       | \$14,075                                  | 1,031                             |                               |                        | 15,286           |
| Land held for resale, net                              | 33,209                    |   |                                   |                               |                        | 33,209           |
| Prepaid and other assets                               | 611                       | 1,095                                     |                                   |                               |                        | 1,706            |
| Restricted cash and cash equivalents                   | 7,074                     |   |                                   | 122                           | 6,321                  | 13,517           |
| Restricted investments                                 | 3,046                     |   |                                   | 270                           | 19,366                 | 22,682           |
| Total assets   | <u>\$55,907</u>           | <u>\$15,170</u>                           | <u>\$22,916</u>                   | <u>\$16,566</u>               | <u>\$33,816</u>        | <u>\$144,375</u> |
| <b>LIABILITIES AND FUND BALANCES</b>                   |                           |   |                                   |                               |                        |                  |
| Liabilities:   |                           |   |                                   |                               |                        |                  |
| Accounts payable                                       | \$ 3,769                  | \$ 4,937                                  | \$ 649                            | \$ 739                        | \$ 779                 | \$ 10,873        |
| Wages payable  | 62                        | 32  | 13                                |                               | 5                      | 112              |
| Deposits   | 1,149                     |   |                                   |                               |                        | 1,149            |
| Due to other funds                                     | 16,645                    | 10,448                                    | 1,562                             |                               |                        | 28,655           |
| Deferred revenue                                       | 2,790                     | 13,527                                    | 1,107                             |                               |                        | 17,424           |
| Total liabilities                                      | <u>24,415</u>             | <u>28,944</u>                             | <u>3,331</u>                      | <u>739</u>                    | <u>784</u>             | <u>58,213</u>    |
| Fund balances (deficits):                              |                           |   |                                   |                               |                        |                  |
| Nonspendable:  |                           |   |                                   |                               |                        |                  |
| Prepaid and other assets                               | 611                       |   |                                   |                               |                        | 611              |
| Restricted:  |                           |   |                                   |                               |                        |                  |
| Capital projects                                       |                           |   |                                   | 409                           |                        | 409              |
| Development impact projects                            |                           |   | 19,585                            |                               | 33,032                 | 52,617           |
| Redevelopment projects                                 | 38,713                    |   |                                   |                               |                        | 38,713           |
| Streets, roads and transportation improvement projects |                           | 3,613                                     |                                   |                               |                        | 3,613            |
| Assigned:  |                           |   |                                   |                               |                        |                  |
| Debt service   |                           |   |                                   | 8,490                         |                        | 8,490            |
| Capital projects                                       |                           |   |                                   | 6,928                         |                        | 6,928            |
| Unassigned   | (7,832)                   | (17,387)                                  |                                   |                               |                        | (25,219)         |
| Total fund balances (deficit)                          | <u>31,492</u>             | <u>(13,774)</u>                           | <u>19,585</u>                     | <u>15,827</u>                 | <u>33,032</u>          | <u>86,162</u>    |
| Total liabilities and fund balances                    | <u>\$55,907</u>           | <u>\$15,170</u>                           | <u>\$22,916</u>                   | <u>\$16,566</u>               | <u>\$33,816</u>        | <u>\$144,375</u> |

**Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances (Deficits) – Nonmajor Capital Projects Funds  
Year Ended June 30, 2011** (In thousands)

|   | Redevelopment<br>Projects | Transportation<br>Improvement<br>Projects | Development<br>Impact<br>Projects | Other Capital<br>Improvements | Mello-Roos<br>Projects | Total            |
|---|---------------------------|---|-----------------------------------|-------------------------------|------------------------|------------------|
| Revenues:                                 |                           |   |                                   |                               |                        |                  |
| Licenses, fees and permits                |                           |   | \$ 545                            |                               |                        | \$ 545           |
| Intergovernmental revenues                | \$ 419                    | \$ 2,692                                  | 729                               |                               |                        | 3,840            |
| Use of money and property                 | 2,976                     |   | 209                               | \$ 867                        | \$ 259                 | 4,311            |
| Other                                     | 136                       |   | 29                                |                               |                        | 165              |
| Total revenues                            | <u>3,531</u>              | <u>2,692</u>                              | <u>1,512</u>                      | <u>867</u>                    | <u>259</u>             | <u>8,861</u>     |
| Expenditures:                             |                           |   |                                   |                               |                        |                  |
| Police                                    |                           |   | 15                                |                               |                        | 15               |
| Community Development                     | 12,490                    |   |                                   |                               |                        | 12,490           |
| Public Works                              |                           | 240                                       | 263                               | 669                           | 108                    | 1,280            |
| Community Services                        |                           |   | 307                               | 125                           |                        | 432              |
| Capital outlay                            | 11,768                    | 19,961                                    | 6,514                             | 36                            | 4,968                  | 43,247           |
| Debt service:                             |                           |   |                                   |                               |                        |                  |
| Principal retirement                      |                           |   |                                   | 355                           |                        | 355              |
| Interest charges                          |                           |   |                                   | 486                           |                        | 486              |
| Debt issuance costs                       | 168                       |   |                                   |                               |                        | 168              |
| Total expenditures                        | <u>24,426</u>             | <u>20,201</u>                             | <u>7,099</u>                      | <u>1,671</u>                  | <u>5,076</u>           | <u>58,473</u>    |
| Deficiency of revenues under expenditures | <u>(20,895)</u>           | <u>(17,509)</u>                           | <u>(5,587)</u>                    | <u>(804)</u>                  | <u>(4,817)</u>         | <u>(49,612)</u>  |
| Other financing sources (uses):           |                           |   |                                   |                               |                        |                  |
| Transfers in                              | 18,903                    | 1   | 1,566                             | 3,404                         |                        | 23,874           |
| Transfers out                             | (5,705)                   |   | (447)                             |                               | (3,158)                | (9,310)          |
| Issuance of bonds                         | 6,570                     |   |                                   |                               |                        | 6,570            |
| Contribution from property owners         |                           |   |                                   |                               | 41,007                 | 41,007           |
| Total other financing sources             | <u>19,768</u>             | <u>1</u>                                  | <u>1,119</u>                      | <u>3,404</u>                  | <u>37,849</u>          | <u>62,141</u>    |
| Net change in fund balances (deficit)     | <u>(1,127)</u>            | <u>(17,508)</u>                           | <u>(4,468)</u>                    | <u>2,600</u>                  | <u>33,032</u>          | <u>12,529</u>    |
| Fund balances at beginning of year        | <u>32,619</u>             | <u>3,734</u>                              | <u>24,053</u>                     | <u>13,227</u>                 |                        | <u>73,633</u>    |
| Fund balances (deficit) at end of year    | <u>\$ 31,492</u>          | <u>\$(13,774)</u>                         | <u>\$19,585</u>                   | <u>\$15,827</u>               | <u>\$ 33,032</u>       | <u>\$ 86,162</u> |



**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Budgetary Basis Actual – All Capital Projects Funds**  
**Year Ended June 30, 2011** (In thousands)

|   | Redevelopment Projects       |                   |                                  | Transportation Improvement Projects |                   |                                  |
|---|------------------------------|-------------------|----------------------------------|-------------------------------------|-------------------|----------------------------------|
|   | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>with Final<br>Budget | Final<br>Budgeted<br>Amounts        | Actual<br>Amounts | Variance<br>with Final<br>Budget |
| Revenues:   |                              |                   |                                  |                                     |                   |                                  |
| Licenses, fees and permits  |                              |                   |                                  |                                     |                   |                                  |
| Intergovernmental revenues  | \$ 486                       | \$ 419            | \$ (67)                          | \$39,686                            | \$ 2,692          | \$(36,994)                       |
| Use of money and property   | 3,659                        | 3,969             | 310                              |                                     |                   |                                  |
| Other   | 1,008                        | 736               | (272)                            |                                     |                   |                                  |
| Total revenues  | <u>5,153</u>                 | <u>5,124</u>      | <u>(29)</u>                      | <u>39,686</u>                       | <u>2,692</u>      | <u>\$(36,994)</u>                |
| Expenditures:   |                              |                   |                                  |                                     |                   |                                  |
| Police  |                              |                   |                                  |                                     |                   |                                  |
| Fire  |                              |                   |                                  |                                     |                   |                                  |
| Community Development   | 34,970                       | 27,206            | (7,764)                          |                                     |                   |                                  |
| Planning  |                              |                   |                                  | 41                                  | 41                |                                  |
| Public Works  | 36                           |                   | (36)                             | 48,195                              | 20,124            | (28,071)                         |
| Community Services  |                              |                   |                                  |                                     |                   |                                  |
| Public Utilities  |                              |                   |                                  | 36                                  | 36                |                                  |
| Total expenditures  | <u>35,006</u>                | <u>27,206</u>     | <u>(7,800)</u>                   | <u>48,272</u>                       | <u>20,201</u>     | <u>(28,071)</u>                  |
| Deficiency of revenues under expenditures   | <u>(29,853)</u>              | <u>(22,082)</u>   | <u>7,771</u>                     | <u>(8,586)</u>                      | <u>(17,509)</u>   | <u>(8,923)</u>                   |
| Other financing sources (uses):   |                              |                   |                                  |                                     |                   |                                  |
| Transfers in  | 27,559                       | 18,903            | (8,656)                          |                                     | 1                 | 1                                |
| Transfers out   | (4,825)                      | (5,705)           | (880)                            |                                     |                   |                                  |
| Issuance of bonds   | 6,750                        | 6,570             | (180)                            |                                     |                   |                                  |
| Contribution from property owners   |                              |                   |                                  |                                     |                   |                                  |
| Total other financing sources (uses)  | <u>29,484</u>                | <u>19,768</u>     | <u>(9,716)</u>                   | <u>1</u>                            | <u>1</u>          | <u>1</u>                         |
| Net change in fund balances   | <u>(369)</u>                 | <u>(2,314)</u>    | <u>(1,945)</u>                   | <u>(8,586)</u>                      | <u>(17,508)</u>   | <u>(8,922)</u>                   |
| Fund balances at beginning of year  | <u>32,619</u>                | <u>32,619</u>     |                                  | <u>3,734</u>                        | <u>3,734</u>      |                                  |
| Fund balances at end of year  | <u>\$ 32,250</u>             | <u>30,305</u>     | <u>\$ (1,945)</u>                | <u>\$ (4,852)</u>                   | <u>(13,774)</u>   | <u>\$ (8,922)</u>                |
| Adjustments to reconcile to GAAP:   |                              |                   |                                  |                                     |                   |                                  |
| Proceeds on sale of land held for resale  |                              | (1,693)           |                                  |                                     |                   |                                  |
| Transfers of land held for resale from Redevelopment Housing Set-aside and the City |                              | 1,654             |                                  |                                     |                   |                                  |
| Payments of interfund payable   |                              | 1,230             |                                  |                                     |                   |                                  |
| Use of transportation credit  |                              | (201)             |                                  |                                     |                   |                                  |
| Decline in value of land held for resale  |                              | (503)             |                                  |                                     |                   |                                  |
| Gain on deposition of land held for resale  |                              | 700               |                                  |                                     |                   |                                  |
| Ending fund balance – GAAP basis  |                              | <u>\$ 31,492</u>  |                                  |                                     | <u>\$(13,774)</u> |                                  |

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Budgetary Basis Actual – All Capital Projects Funds**  
**Year Ended June 30, 2011** (In thousands) (continued)

|   | Development Impact Projects  |                   |                                  | Other Capital Improvements   |                   |                                  |
|---|------------------------------|-------------------|----------------------------------|------------------------------|-------------------|----------------------------------|
|   | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>with Final<br>Budget | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>with Final<br>Budget |
| Revenues:   |                              |                   |                                  |                              |                   |                                  |
| Licenses, fees and permits  | \$ 940                       | \$ 545            | \$ (395)                         |                              |                   |                                  |
| Intergovernmental revenues  |                              | 729               | 729                              |                              |                   |                                  |
| Use of money and property   | 120                          | 209               | 89                               | \$ 486                       | \$ 867            | \$ 381                           |
| Other   | 50                           | 29                | (21)                             |                              |                   |                                  |
| Total revenues  | <u>1,110</u>                 | <u>1,512</u>      | <u>402</u>                       | <u>486</u>                   | <u>867</u>        | <u>381</u>                       |
| Expenditures:   |                              |                   |                                  |                              |                   |                                  |
| Police  | 15                           | 15                |                                  |                              |                   |                                  |
| Fire  | 35                           |                   | (35)                             |                              |                   |                                  |
| Community Development Planning  |                              |                   |                                  | 841                          | 841               |                                  |
| Public Works  | 5,085                        | 1,604             | (3,481)                          | 669                          | 669               |                                  |
| Community Services  | 15,189                       | 5,480             | (9,709)                          | 1,351                        | 161               | (1,190)                          |
| Public Utilities  |                              |                   |                                  |                              |                   |                                  |
| Total expenditures  | <u>20,324</u>                | <u>7,099</u>      | <u>(13,225)</u>                  | <u>2,861</u>                 | <u>1,671</u>      | <u>(1,190)</u>                   |
| Deficiency of revenues under expenditures   | <u>(19,214)</u>              | <u>(5,587)</u>    | <u>13,627</u>                    | <u>(2,375)</u>               | <u>(804)</u>      | <u>1,571</u>                     |
| Other financing sources (uses):   |                              |                   |                                  |                              |                   |                                  |
| Transfers in  |                              | 1,566             | 1,566                            | 635                          | 3,404             | 2,769                            |
| Transfers out   |                              | (447)             | (447)                            |                              |                   |                                  |
| Issuance of bonds   |                              |                   |                                  |                              |                   |                                  |
| Contribution from property owners   |                              |                   |                                  |                              |                   |                                  |
| Total other financing sources (uses)  | <u></u>                      | <u>1,119</u>      | <u>1,119</u>                     | <u>635</u>                   | <u>3,404</u>      | <u>2,769</u>                     |
| Net change in fund balances   | <u>(19,214)</u>              | <u>(4,468)</u>    | <u>14,746</u>                    | <u>(1,740)</u>               | <u>2,600</u>      | <u>4,340</u>                     |
| Fund balances at beginning of year  | <u>24,053</u>                | <u>24,053</u>     |                                  | <u>13,227</u>                | <u>13,227</u>     |                                  |
| Fund balances at end of year  | <u>\$ 4,839</u>              | <u>19,585</u>     | <u>\$ 14,746</u>                 | <u>\$11,487</u>              | <u>15,827</u>     | <u>\$ 4,340</u>                  |
| Adjustments to reconcile to GAAP:   |                              |                   |                                  |                              |                   |                                  |
| Proceeds on sale of land held for resale  |                              |                   |                                  |                              |                   |                                  |
| Transfers of land held for resale from Redevelopment Housing Set-aside and the City |                              |                   |                                  |                              |                   |                                  |
| Payments of interfund payable   |                              |                   |                                  |                              |                   |                                  |
| Use of transportation credit  |                              |                   |                                  |                              |                   |                                  |
| Decline in value of land held for resale  |                              |                   |                                  |                              |                   |                                  |
| Gain on deposition of land held for resale  |                              |                   |                                  |                              |                   |                                  |
| Ending fund balances – GAAP basis   |                              | <u>\$19,585</u>   |                                  |                              | <u>\$15,827</u>   |                                  |

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Budgetary Basis Actual – All Capital Projects Funds**  
**Year Ended June 30, 2011** (In thousands) (continued)

|   | Mello-Roos Projects          |                   |                                  |
|---|------------------------------|-------------------|----------------------------------|
|   | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>with Final<br>Budget |
| Revenues:   |                              |                   |                                  |
| Licenses, fees and permits  |                              |                   |                                  |
| Intergovernmental revenues  |                              |                   |                                  |
| Use of money and property   |                              | \$ 259            | \$ 259                           |
| Other   |                              |                   |                                  |
| Total revenues  |                              | <u>259</u>        | <u>259</u>                       |
| Expenditures:   |                              |                   |                                  |
| Police  |                              |                   |                                  |
| Fire  |                              |                   |                                  |
| Community Development   |                              |                   |                                  |
| Planning  |                              |                   |                                  |
| Public Works  | \$30,217                     | 5,076             | (25,141)                         |
| Community Services  |                              |                   |                                  |
| Public Utilities  |                              |                   |                                  |
| Total expenditures  | <u>30,217</u>                | <u>5,076</u>      | <u>(25,141)</u>                  |
| Deficiency of revenues under expenditures   | <u>(30,217)</u>              | <u>(4,817)</u>    | <u>(25,400)</u>                  |
| Other financing sources (uses):   |                              |                   |                                  |
| Transfers in  |                              | (3,158)           | (3,158)                          |
| Transfers out   |                              |                   |                                  |
| Issuance of bonds   |                              |                   |                                  |
| Contribution from property owners   | 33,259                       | 41,007            | 7,748                            |
| Total other financing sources (uses)  | <u>33,259</u>                | <u>37,849</u>     | <u>4,590</u>                     |
| Net change in fund balances   | 3,042                        | 33,032            | 29,990                           |
| Fund balances at beginning of year  |                              |                   |                                  |
| Fund balances at end of year  | <u>\$ 3,042</u>              | <u>33,032</u>     | <u>\$ 29,990</u>                 |
| Adjustments to reconcile to GAAP:   |                              |                   |                                  |
| Proceeds on sale of land held for resale  |                              |                   |                                  |
| Transfers of land held for resale from Redevelopment Housing Set-aside and the City |                              |                   |                                  |
| Payments of interfund payable   |                              |                   |                                  |
| Use of transportation credit  |                              |                   |                                  |
| Decline in value of land held for resale  |                              |                   |                                  |
| Gain on deposition of land held for resale  |                              |                   |                                  |
| Ending fund balance – GAAP basis  |                              | <u>\$ 33,032</u>  |                                  |

# INTERNAL SERVICE FUNDS



INTERNAL SERVICE  
FUNDS

## INTERNAL SERVICE FUNDS

**INTERNAL SERVICE FUNDS** are used to account for the financing of centralized services to City departments on a cost-reimbursement basis (including depreciation).

GENERAL BENEFITS AND INSURANCE FUND - Established to account for employee compensated absences, retirement and health benefits, and self-insurance programs.

MOTORIZED EQUIPMENT FUND - Established to account for motorized equipment used by City departments.

INFORMATION AND COMMUNICATION SERVICES FUND - Established to account for data processing and communication services to City departments.

MUNICIPAL FACILITIES MAINTENANCE - Established to account for City office maintenance services and equipment used by City departments.

**Combining Statement of Fund Net Assets**  
**Internal Service Funds**  
**June 30, 2011** (In thousands)

|   | General<br>Benefits<br>and<br>Insurance | Motorized<br>Equipment | Information<br>and<br>Communication<br>Services | Municipal<br>Facilities<br>Maintenance | Total            |
|---|---|------------------------|---|--|------------------|
| <b>ASSETS</b>                                   |   |                        |   |  |                  |
| Current assets:                                 |   |                        |   |  |                  |
| Cash and cash equivalents                       | \$27,828                                | \$ 2,904               | \$ 3,311  | \$ 1,923                               | \$ 35,966        |
| Investments                                     | 39,111                                  | 4,082                  | 4,653   | 2,702                                  | 50,548           |
| Restricted cash and cash equivalent             |   | 57                     |   |  | 57               |
| Accounts receivable, net                        | 2,163                                   |                        |   |  | 2,163            |
| Accrued interest receivable                     | 284                                     | 39                     | 31  | 21                                     | 375              |
| Note receivable                                 | 69                                      |                        |   |  | 69               |
| Interfund receivable                            | 13                                      |                        |   |  | 13               |
| Inventories                                     |   | 750                    |   |  | 750              |
| Prepaid and other assets                        | 58                                      |                        |   |  | 58               |
| Total current assets                            | <u>69,526</u>                           | <u>7,832</u>           | <u>7,995</u>                                    | <u>4,646</u>                           | <u>89,999</u>    |
| Noncurrent assets:                              |   |                        |   |  |                  |
| Accounts receivable, less current portion       | 203                                     |                        |   |  | 203              |
| Interfund receivable, less current portion      | 69                                      |                        |   |  | 69               |
| Restricted cash and cash equivalents            |   | 336                    |   |  | 336              |
| Unamortized debt issuance costs                 |   |                        |   |  |                  |
| Net other post-employment benefits (OPEB) asset | 9,629                                   |                        |   |  | 9,629            |
| Capital assets:                                 |   |                        |   |  |                  |
| Buildings, structures and improvements          |   | 3,230                  |   | 3,708                                  | 6,938            |
| Machinery and Equipment                         | 81                                      | 35,157                 | 18,301  | 2,306                                  | 55,845           |
| Less accumulated depreciation                   | (81)                                    | (27,668)               | (11,020)  | (4,400)                                | (43,169)         |
| Capital assets, net                             | <u>10,719</u>                           | <u>7,281</u>           | <u>7,281</u>                                    | <u>1,614</u>                           | <u>19,614</u>    |
| Total noncurrent assets                         | <u>9,901</u>                            | <u>11,055</u>          | <u>7,281</u>                                    | <u>1,614</u>                           | <u>29,851</u>    |
| Total assets                                    | <u>79,427</u>                           | <u>18,887</u>          | <u>15,276</u>                                   | <u>6,260</u>                           | <u>119,850</u>   |
| <b>LIABILITIES</b>                              |   |                        |   |  |                  |
| Current liabilities:                            |   |                        |   |  |                  |
| Accounts payable                                | 3,393                                   | 937                    | 1,680   | 391                                    | 6,401            |
| Wages payable                                   | 3,381                                   | 81                     | 16  | 72                                     | 3,550            |
| Interest payable                                |   | 6                      |   |  | 6                |
| Compensated absences                            | 14,729                                  |                        |   |  | 14,729           |
| Self-insurance liability                        | 7,831                                   |                        |   |  | 7,831            |
| Long-term debt                                  |   | 314                    | 1,083   |  | 1,397            |
| Unearned revenues                               | 1,324                                   |                        |   |  | 1,324            |
| Total current liabilities                       | <u>30,658</u>                           | <u>1,338</u>           | <u>2,779</u>                                    | <u>463</u>                             | <u>35,238</u>    |
| Noncurrent liabilities:                         |   |                        |   |  |                  |
| Compensated absences, less current portion      | 4,591                                   |                        |   |  | 4,591            |
| Self-insurance liability, less current portion  | 27,574                                  |                        |   |  | 27,574           |
| Long-term debt, less current portion            |   |                        | 1,258   |  | 1,258            |
| Total noncurrent liabilities                    | <u>32,165</u>                           |                        | <u>1,258</u>                                    |  | <u>33,423</u>    |
| Total liabilities                               | <u>62,823</u>                           | <u>1,338</u>           | <u>4,037</u>                                    | <u>463</u>                             | <u>68,661</u>    |
| <b>FUND NET ASSETS</b>                          |   |                        |   |  |                  |
| Invested in capital assets, net of related debt |   | 10,741                 | 4,940   | 1,614                                  | 17,295           |
| Restricted for debt service                     |   | 57                     |   |  | 57               |
| Unrestricted                                    | 16,604                                  | 6,751                  | 6,299   | 4,183                                  | 33,837           |
| Total fund net assets                           | <u>\$16,604</u>                         | <u>\$ 17,549</u>       | <u>\$ 11,239</u>                                | <u>\$ 5,797</u>                        | <u>\$ 51,189</u> |

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended June 30, 2011** (In thousands)

|   | <u>General<br/>Benefits<br/>and<br/>Insurance</u> | <u>Motorized<br/>Equipment</u> | <u>Information<br/>and<br/>Communication<br/>Services</u> | <u>Municipal<br/>Facilities<br/>Maintenance</u> | <u>Total</u>     |
|---|---|--------------------------------|---|---|------------------|
| Operating revenues:                             |   |                                |   |   |                  |
| Charges for services                            | \$125,317   | \$10,495                       | \$15,811  | \$ 8,633  | \$160,256        |
| Other   | <u>10</u>   | <u>8</u>                       | <u>4</u>  | <u>34</u>                                       | <u>56</u>        |
| Total operating revenues                        | <u>125,327</u>                                    | <u>10,503</u>                  | <u>15,815</u>   | <u>8,667</u>                                    | <u>160,312</u>   |
| Operating expenses:                             |   |                                |   |   |                  |
| Salaries and wages                              | 3,603   | 3,456                          | 602   | 2,946   | 10,607           |
| Maintenance and operations                      | 2,006   | 4,828                          | 12,803  | 5,588   | 25,225           |
| Insurance premiums and claims                   | 9,857   |                                |   |   | 9,857            |
| Compensated absences and other benefits         | 108,952   |                                |   |   | 108,952          |
| Depreciation                                    |   | <u>2,568</u>                   | <u>2,164</u>  | <u>121</u>                                      | <u>4,853</u>     |
| Total operating expenses                        | <u>124,418</u>                                    | <u>10,852</u>                  | <u>15,569</u>   | <u>8,655</u>                                    | <u>159,494</u>   |
| Operating income (loss)                         | <u>909</u>  | <u>(349)</u>                   | <u>246</u>  | <u>12</u>                                       | <u>818</u>       |
| Nonoperating income (expenses):                 |   |                                |   |   |                  |
| Interest income                                 | 603   | 92                             | 182   | 119   | 996              |
| Interest expense                                |   | (44)                           | (91)  |   | (135)            |
| Gain from disposal of capital assets            |   | <u>123</u>                     |   |   | <u>123</u>       |
| Total nonoperating income                       | <u>603</u>  | <u>171</u>                     | <u>91</u>   | <u>119</u>                                      | <u>984</u>       |
| Income (loss) before contribution and transfers | 1,512   | (178)                          | 337   | 131   | 1,802            |
| Capital contributions                           |   | 36                             |   |   | 36               |
| Transfers in                                    | 4,000   |                                |   |   | 4,000            |
| Transfers out                                   |   | <u>(97)</u>                    |   |   | <u>(97)</u>      |
| Change in fund net assets                       | 5,512   | (239)                          | 337   | 131   | 5,741            |
| Fund net assets at beginning of year            | <u>11,092</u>                                     | <u>17,788</u>                  | <u>10,902</u>   | <u>5,666</u>                                    | <u>45,448</u>    |
| Fund net assets at end of year                  | <u>\$ 16,604</u>                                  | <u>\$17,549</u>                | <u>\$11,239</u>   | <u>\$ 5,797</u>                                 | <u>\$ 51,189</u> |

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2011** (In thousands)

|   | <b>General<br/>Benefits<br/>and<br/>Insurance</b> | <b>Motorized<br/>Equipment</b> | <b>Information<br/>and<br/>Communication<br/>Services</b> | <b>Municipal<br/>Facilities<br/>Maintenance</b> | <b>Total</b>     |
|---|---|--------------------------------|---|---|------------------|
| Cash flows from operating activities:                     |   |                                |   |   |                  |
| Receipts from interfund services provided                 | \$ 125,317  | \$10,495                       | \$ 15,811   | \$ 8,633  | \$ 160,256       |
| Payments to suppliers                                     | (735)   | (4,159)                        | (12,070)  | (4,704)   | (21,668)         |
| Payments for salaries and wages to employees              | (3,560)   | (3,452)                        | (599)   | (2,952)   | (10,563)         |
| Payments for interfund services used                      | (1,324)   | (207)                          | (787)   | (747)   | (3,065)          |
| Payments for insurance premiums and claims                | (10,564)  |                                |   |   | (10,564)         |
| Payments for compensated absences and other benefits      | (108,562)   |                                |   |   | (108,562)        |
| Other receipts  | 44  | 38                             | 4   | 38  | 124              |
| Net cash provided by operating activities                 | <u>616</u>  | <u>2,715</u>                   | <u>2,359</u>  | <u>268</u>                                      | <u>5,958</u>     |
| Cash flows from noncapital financing activities:          |   |                                |   |   |                  |
| Receipt of interfund balances                             | 17  |                                |   |   | 17               |
| Transfer in   | 4,000   |                                |   |   | 4,000            |
| Net cash provided by noncapital financing activities      | <u>4,017</u>                                      |                                |   |   | <u>4,017</u>     |
| Cash flows from capital and related financing activities: |   |                                |   |   |                  |
| Proceeds from sale of capital assets                      |   | 126                            |   |   | 126              |
| Capital purchases   |   | (2,265)                        | (366)   | (368)   | (2,999)          |
| Capital contribution                                      |   | 36                             |   |   | 36               |
| Principal payments on long-term debt                      |   | (296)                          | (1,184)   |   | (1,480)          |
| Interest payments   |   | (18)                           | (91)  |   | (109)            |
| Net cash used in capital and related financing activities |   | <u>(2,417)</u>                 | <u>(1,641)</u>  | <u>(368)</u>                                    | <u>(4,426)</u>   |
| Cash flows from investing activities:                     |   |                                |   |   |                  |
| Purchase of investment securities                         | (14,904)  | (1,441)                        | (1,818)   | (720)   | (18,883)         |
| Proceeds from sale and maturity of investment securities  | 16,879  | 1,759                          | 2,006   | 1,165   | 21,809           |
| Interest received   | 893   | 113                            | 73  | 58  | 1,137            |
| Net cash provided by investing activities                 | <u>2,868</u>                                      | <u>431</u>                     | <u>261</u>  | <u>503</u>                                      | <u>4,063</u>     |
| Increase in cash and cash equivalents                     | 7,501   | 729                            | 979   | 403   | 9,612            |
| Cash and cash equivalents at beginning of the year        | 20,327  | 2,568                          | 2,332   | 1,520   | 26,747           |
| Cash and cash equivalents at end of the year              | <u>\$ 27,828</u>                                  | <u>\$ 3,297</u>                | <u>\$ 3,311</u>   | <u>\$ 1,923</u>                                 | <u>\$ 36,359</u> |

(continued)



**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2011** (In thousands) (continued)

|  | <u>General<br/>Benefits<br/>and<br/>Insurance</u> | <u>Motorized<br/>Equipment</u> | <u>Information<br/>and<br/>Communication<br/>Services</u> | <u>Municipal<br/>Facilities<br/>Maintenance</u> | <u>Total</u>     |
|--|---|--------------------------------|---|---|------------------|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:        |   |                                |   |   |                  |
| Operating income (loss)  | \$ 909  | \$ (349)                       | \$ 246  | \$ 12   | \$ 818           |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |   |                                |   |   |                  |
| Depreciation   |   | 2,568                          | 2,164   | 121   | 4,853            |
| Changes in assets and liabilities:   |   |                                |   |   |                  |
| Accounts receivable  | 1,026   | 57                             |   | 4   | 1,087            |
| Inventories  |   | (27)                           |   |   | (27)             |
| Note receivable  | (69)  |                                |   |   | (69)             |
| Prepaid and other assets   | 5   |                                |   |   | 5                |
| Accounts payable   | 105   | 462                            | (54)  | 137   | 650              |
| Wages payable  | 43  | 4                              | 3   | (6)   | 44               |
| Unearned revenues  | 242   |                                |   |   | 242              |
| Compensated absences   | (460)   |                                |   |   | (460)            |
| Self-insurance liability   | (1,051)   |                                |   |   | (1,051)          |
| Other post retirement employment benefits (OPEB) assets  | (134)   |                                |   |   | (134)            |
| Total adjustments  | (293)   | 3,064                          | 2,113   | 256   | 5,140            |
| Net cash provided by operating activities  | <u>\$ 616</u>                                     | <u>\$ 2,715</u>                | <u>\$ 2,359</u>   | <u>\$ 268</u>                                   | <u>\$ 5,958</u>  |
| Schedule of noncash financing and investing activities:  |   |                                |   |   |                  |
| Capital assets financed through capital leases   |   |                                | \$ 977  |   | \$ 977           |
| Transfers out of capital assets  |   | (97)                           |   |   | (97)             |
| Increase in fair value of investments  | \$ 243  | \$ 23                          | 100   | \$ 58   | 424              |
| Reconciliation of cash and cash equivalents:   |   |                                |   |   |                  |
| Cash and cash equivalents  | \$ 27,828   | \$ 2,904                       | \$ 3,311  | \$ 1,923  | \$ 35,966        |
| Restricted cash and cash equivalents   |   | 393                            |   |   | 393              |
| Total cash and cash equivalents  | <u>\$ 27,828</u>                                  | <u>\$ 3,297</u>                | <u>\$ 3,311</u>   | <u>\$ 1,923</u>                                 | <u>\$ 36,359</u> |

# FIDUCIARY FUNDS



**Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Fund – Mello-Roos**  
**Year Ended June 30, 2011** (In thousands)

|                                      | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending<br/>Balance</u> |
|--------------------------------------|------------------------------|------------------|-------------------|---------------------------|
| <b>ASSETS</b>                        |                              |                  |                   |                           |
| Restricted cash and cash equivalents | \$3,912                      | \$39,413         | \$(37,543)        | \$5,782                   |
| Restricted investments               | 678                          | 2,715            | (7)               | 3,386                     |
| Due from other governments           | 54                           | 5,122            | (5,120)           | 56                        |
| Total assets                         | <u>\$4,644</u>               | <u>\$47,250</u>  | <u>\$(42,670)</u> | <u>\$9,224</u>            |
| <b>LIABILITIES</b>                   |                              |                  |                   |                           |
| Due to bond holders                  | <u>\$4,644</u>               | <u>\$42,123</u>  | <u>\$(37,543)</u> | <u>\$9,224</u>            |



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# STATISTICAL SECTION



## STATISTICAL SECTION

The Statistical Section is included to provide detailed data on the physical, economic, social and political characteristics of the reporting government. It is intended to provide the user with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements and supplementary information included in the Financial Section.

## STATISTICAL SECTION

The Statistical Section is included to provide detailed data on the physical, economic, social and political characteristics of the reporting government. It is intended to provide the user with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements and supplementary information included in the Financial Section.

## STATISTICAL INFORMATION

(Unaudited)

The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail for them to use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition.

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**Net Assets by Component**  
**Last Ten Fiscal Years** (In thousands)  
 (Accrual basis of accounting)

|   | Fiscal Year |             |             |             |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | 2011        | 2010        | 2009        | 2008        | 2007        | 2006        | 2005        | 2004        | 2003        | 2002        |
| <b>Governmental Activities</b>                  |             |             |             |             |             |             |             |             |             |             |
| Invested in capital assets, net of related debt | \$ 834,337  | \$ 795,579  | \$ 753,409  | \$ 733,305  | \$ 667,414  | \$ 668,628  | \$ 613,300  | \$ 584,875  | \$ 522,073  | \$ 516,931  |
| Restricted                                      | 182,011     | 150,750     | 154,306     | 87,566      | 69,949      | 99,443      | 87,505      | 111,344     | 112,168     | 138,241     |
| Unrestricted                                    | (124,422)   | (121,283)   | (92,773)    | (70,621)    | (33,187)    | (61,368)    | (56,074)    | (66,860)    | (14,286)    | (25,751)    |
| Total Governmental Activities                   | 891,926     | 825,046     | 814,942     | 750,250     | 704,176     | 706,703     | 644,731     | 629,359     | 619,955     | 629,421     |
| <b>Business-type Activities</b>                 |             |             |             |             |             |             |             |             |             |             |
| Invested in capital assets, net of related debt | 786,175     | 762,236     | 754,157     | 752,632     | 707,119     | 660,769     | 697,647     | 673,244     | 666,361     | 639,652     |
| Restricted                                      | 54,626      | 49,325      | 45,493      | 47,406      | 38,572      | 36,008      | 28,855      | 26,187      | 33,188      | 30,849      |
| Unrestricted                                    | 115,445     | 130,812     | 145,269     | 165,196     | 203,967     | 215,685     | 229,051     | 242,888     | 232,569     | 248,968     |
| Total Business-type Activities                  | 956,246     | 942,373     | 944,919     | 965,234     | 949,658     | 912,462     | 955,553     | 942,319     | 932,118     | 919,469     |
| <b>Total Government</b>                         |             |             |             |             |             |             |             |             |             |             |
| Invested in capital assets, net of related debt | 1,620,512   | 1,557,815   | 1,507,566   | 1,485,937   | 1,374,533   | 1,329,397   | 1,310,947   | 1,258,119   | 1,188,434   | 1,156,583   |
| Restricted                                      | 236,637     | 200,075     | 199,799     | 134,972     | 108,521     | 135,451     | 116,360     | 137,531     | 145,356     | 169,090     |
| Unrestricted                                    | (8,977)     | 9,529       | 52,496      | 94,575      | 170,780     | 154,317     | 172,977     | 176,028     | 218,283     | 223,217     |
| Total Government                                | \$1,848,172 | \$1,767,419 | \$1,759,861 | \$1,715,484 | \$1,653,834 | \$1,619,165 | \$1,600,284 | \$1,571,678 | \$1,552,073 | \$1,548,890 |

Source: Finance Department, City of Anaheim

# Changes in Net Assets

## Last Ten Fiscal Years (In thousands)

(Accrual basis of accounting)

|   | Fiscal Year |          |          |          |          |          |          |          |          |          |
|---|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|   | 2011        | 2010     | 2009     | 2008     | 2007     | 2006     | 2005     | 2004     | 2003     | 2002     |
| <b>Program Revenues</b>                   |             |          |          |          |          |          |          |          |          |          |
| Governmental activities:                  |             |          |          |          |          |          |          |          |          |          |
| Charges for services                      |             |          |          |          |          |          |          |          |          |          |
| General government                        | \$ 1,872    | \$ 1,708 | \$ 1,890 | \$ 2,088 | \$ 1,238 | \$ 1,385 | \$ 1,442 | \$ 1,413 | \$ 1,651 | \$ 1,462 |
| Police                                    | 10,435      | 10,127   | 10,089   | 10,235   | 9,715    | 10,477   | 9,840    | 7,460    | 8,369    | 7,236    |
| Fire                                      | 9,518       | 9,369    | 9,122    | 9,850    | 9,070    | 8,942    | 7,909    | 6,879    | 6,475    | 6,391    |
| Community Development                     | 8,143       | 7,306    | 5,459    | 6,212    | 6,713    | 6,122    | 4,667    | 9,972    | 6,843    | 5,753    |
| Planning                                  | 6,263       | 6,453    | 7,724    | 9,084    | 10,778   | 9,031    | 6,994    | 3,739    | 3,869    | 3,773    |
| Public Works                              | 9,837       | 7,619    | 7,421    | 8,619    | 8,234    | 11,196   | 6,544    | 5,501    | 6,339    | 7,294    |
| Community Services                        | 4,024       | 4,561    | 4,833    | 4,855    | 4,043    | 18,421   | 4,985    | 4,490    | 3,936    | 4,629    |
| Convention, Sports and Entertainment      | 4,356       | 202      | 200      | 218      | 200      | 200      | 200      | 200      | 200      | 200      |
| Total charges for services                | 54,448      | 47,345   | 46,738   | 51,161   | 49,991   | 65,774   | 42,581   | 39,654   | 37,682   | 36,738   |
| Operating grants and contributions        | 124,358     | 121,731  | 110,200  | 100,393  | 98,699   | 88,076   | 78,846   | 82,727   | 76,419   | 72,927   |
| Capital grants and contributions          | 70,080      | 31,828   | 66,347   | 30,361   | 42,997   | 28,804   | 20,906   | 11,704   | 12,809   | 15,581   |
| Governmental activities program revenues  | 248,886     | 200,904  | 223,285  | 181,915  | 191,687  | 182,654  | 142,333  | 134,085  | 126,910  | 125,246  |
| Business-type activities:                 |             |          |          |          |          |          |          |          |          |          |
| Charges for services                      |             |          |          |          |          |          |          |          |          |          |
| Electric Utility                          | 381,496     | 377,387  | 365,526  | 351,160  | 310,074  | 322,845  | 284,740  | 295,723  | 272,024  | 300,474  |
| Water Utility                             | 55,598      | 56,368   | 50,807   | 49,125   | 49,600   | 46,926   | 43,427   | 44,395   | 41,801   | 41,845   |
| Sanitation                                | 56,359      | 56,023   | 55,424   | 54,017   | 53,215   | 49,397   | 46,480   | 48,085   | 43,045   | 41,809   |
| Golf Courses                              | 4,711       | 5,168    | 5,634    | 5,947    | 6,022    | 5,736    | 5,394    | 5,546    | 5,401    | 5,739    |
| Convention, Sports and Entertainment      | 27,981      | 30,797   | 26,987   | 31,197   | 32,308   | 27,357   | 27,412   | 28,146   | 22,509   | 21,688   |
| Total charges for services                | 526,145     | 525,743  | 504,378  | 491,446  | 451,219  | 452,261  | 407,453  | 421,895  | 384,780  | 411,555  |
| Operating grants and contributions        | 746         | 1,990    | 965      | 1,194    | 1,160    | 2,556    | 2,473    | 1,471    | 1,560    | 3,622    |
| Capital grants and contributions          | 12,667      | 5,622    | 6,620    | 12,332   | 4,808    | 5,749    | 11,513   | 7,468    | 5,389    | 13,113   |
| Business-type activities program revenues | 539,558     | 533,355  | 511,963  | 504,972  | 457,187  | 460,566  | 421,439  | 430,834  | 391,729  | 428,290  |
| Total government program revenues         | 788,444     | 734,259  | 735,248  | 686,887  | 648,874  | 643,220  | 563,772  | 564,919  | 518,639  | 553,536  |
| <b>Expenses</b>                           |             |          |          |          |          |          |          |          |          |          |
| Governmental activities:                  |             |          |          |          |          |          |          |          |          |          |
| General government                        | 10,911      | 10,917   | 12,144   | 12,610   | 10,951   | 7,394    | 8,943    | 7,582    | 9,793    | 6,780    |
| Police                                    | 119,504     | 125,121  | 121,162  | 122,883  | 115,714  | 98,484   | 91,713   | 77,541   | 78,313   | 73,336   |
| Fire                                      | 56,393      | 58,229   | 57,768   | 56,434   | 50,727   | 50,957   | 46,596   | 37,610   | 36,928   | 38,146   |
| Community Development                     | 105,937     | 117,621  | 109,523  | 105,651  | 93,089   | 87,814   | 83,183   | 86,542   | 89,212   | 67,389   |
| Planning                                  | 15,627      | 16,822   | 17,057   | 17,199   | 16,107   | 14,493   | 13,206   | 12,628   | 11,118   | 11,492   |
| Public Works                              | 44,109      | 39,017   | 47,226   | 43,680   | 44,473   | 42,029   | 39,463   | 41,672   | 37,443   | 53,584   |
| Community Services                        | 30,958      | 35,372   | 37,704   | 39,033   | 36,827   | 31,712   | 28,314   | 27,050   | 27,397   | 29,209   |
| Public Utilities                          | 2,218       | 1,952    | 1,515    | 2,128    | 1,800    | 1,704    | 1,557    | 1,566    | 1,811    | 2,928    |
| Convention, Sports and Entertainment      | 13,633      | 9,931    | 10,069   | 10,781   | 10,539   | 8,652    | 7,703    | 7,536    | 7,211    | 8,577    |
| Interest on long-term debt                | 48,014      | 47,694   | 47,859   | 45,509   | 50,053   | 46,430   | 47,105   | 48,503   | 47,405   | 46,098   |
| Governmental Activities Expenses          | 447,304     | 462,676  | 462,027  | 455,908  | 430,280  | 389,669  | 367,783  | 348,230  | 346,631  | 337,539  |

(continued)

**Changes in Net Assets**  
**Last Ten Fiscal Years** (In thousands)  
 (Accrual basis of accounting) (continued)

|   | Fiscal Year |            |            |            |           |           |           |           |           |           |
|---|-------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | 2011        | 2010       | 2009       | 2008       | 2007      | 2006      | 2005      | 2004      | 2003      | 2002      |
| <b>Expenses</b>   |             |            |            |            |           |           |           |           |           |           |
| Business-type activities:                               |             |            |            |            |           |           |           |           |           |           |
| Electric Utility  | 371,689     | 375,491    | 358,882    | 353,502    | 338,514   | 365,277   | 274,622   | 280,878   | 264,583   | 280,358   |
| Water Utility   | 56,249      | 55,514     | 48,976     | 49,248     | 51,672    | 47,225    | 41,313    | 42,949    | 37,065    | 38,616    |
| Sanitation  | 49,864      | 50,540     | 52,721     | 49,712     | 48,946    | 47,163    | 45,467    | 41,431    | 40,249    | 38,563    |
| Golf Courses  | 4,256       | 4,436      | 4,495      | 4,810      | 4,365     | 4,433     | 4,062     | 4,278     | 3,699     | 3,745     |
| Convention, Sports and Entertainment Venues             | 44,707      | 46,143     | 45,643     | 47,795     | 46,743    | 47,965    | 47,351    | 43,406    | 43,197    | 40,500    |
| Business-type activities expense                        | 526,765     | 532,124    | 510,717    | 505,067    | 490,240   | 512,063   | 412,815   | 412,942   | 388,793   | 401,782   |
| Total government expenses                               | 974,069     | 994,800    | 972,744    | 960,975    | 920,520   | 901,732   | 780,598   | 761,172   | 735,424   | 739,321   |
| <b>Net (Expense)/Revenue</b>                            |             |            |            |            |           |           |           |           |           |           |
| Governmental activities                                 | (198,418)   | (261,772)  | (238,742)  | (273,993)  | (238,593) | (207,015) | (225,450) | (214,145) | (219,721) | (213,109) |
| Business-type activities                                | 12,793      | 1,231      | 1,246      | (95)       | (33,053)  | (51,497)  | 8,624     | 17,892    | 2,936     | 26,508    |
| Total government, net (expense) revenue                 | (185,625)   | (260,541)  | (237,496)  | (274,088)  | (271,646) | (258,512) | (216,826) | (196,253) | (216,785) | (185,785) |
| <b>General Revenues and Other Changes in Net Assets</b> |             |            |            |            |           |           |           |           |           |           |
| Governmental activities:                                |             |            |            |            |           |           |           |           |           |           |
| Taxes:  |             |            |            |            |           |           |           |           |           |           |
| Property taxes  | \$ 106,093  | \$ 107,420 | \$ 107,921 | \$ 105,311 | \$ 98,647 | \$ 86,756 | \$ 78,620 | \$ 57,239 | \$ 53,809 | \$ 49,867 |
| Sales tax and use tax                                   | 54,711      | 51,214     | 56,035     | 62,510     | 64,878    | 66,972    | 60,803    | 55,716    | 52,426    | 52,059    |
| Transient occupancy taxes                               | 82,605      | 77,139     | 80,055     | 87,183     | 83,914    | 75,979    | 67,141    | 63,268    | 56,199    | 57,780    |
| Motor vehicle license fees                              | 1,783       | 1,026      | 1,180      | 1,532      | 1,866     | 2,595     | 2,113     | 21,143    | 19,360    | 18,751    |
| Other taxes   | 7,288       | 7,288      | 8,041      | 9,529      | 10,337    | 10,817    | 10,175    | 9,561     | 8,935     | 8,885     |
| Unrestricted investment earnings                        | 3,667       | 7,012      | 8,667      | 15,337     | 17,597    | 12,346    | 8,071     | 3,991     | 12,678    | 15,035    |
| Other   | 614         | 1,175      | 394        | 2,670      | 1,701     | 5,078     | 1,499     | 1,097     | 361       | 3,825     |
| Gain from disposal of capital assets                    |             |            |            |            |           |           |           |           | 2,491     |           |
| Transfers   | 8,537       | 19,602     | 41,141     | 15,573     | (42,874)  | 8,444     | 12,400    | 11,534    | 3,996     | 3,809     |
| Governmental activities                                 | 265,298     | 271,876    | 303,434    | 299,645    | 236,066   | 268,987   | 240,822   | 223,549   | 210,255   | 210,011   |
| Business-type activities:                               |             |            |            |            |           |           |           |           |           |           |
| Unrestricted investment earnings                        | 9,617       | 15,825     | 19,580     | 31,244     | 27,375    | 16,850    | 16,592    | 6,120     | 13,658    | 13,388    |
| Other   |             |            |            |            |           |           | 418       | 1,723     | 51        |           |
| Transfers   | (8,537)     | (19,602)   | (41,141)   | (15,573)   | 42,874    | (8,444)   | (12,400)  | (11,534)  | (3,996)   | (3,809)   |
| Business-type activities                                | 1,080       | (3,777)    | (21,561)   | 15,671     | 70,249    | 8,406     | 4,610     | (3,691)   | 9,713     | 9,579     |
| Total government  | 266,378     | 268,099    | 281,873    | 315,316    | 306,315   | 277,393   | 245,432   | 219,858   | 219,968   | 219,590   |
| <b>Change in Net Assets</b>                             |             |            |            |            |           |           |           |           |           |           |
| Governmental activities                                 | 66,880      | 10,104     | 64,692     | 25,652     | (2,527)   | 61,972    | 15,372    | 9,404     | (9,466)   | (2,282)   |
| Business-type activities                                | 13,873      | (2,546)    | (20,315)   | 15,576     | 37,196    | (43,091)  | 13,234    | 14,201    | 12,649    | 36,087    |
| Total government change in net assets                   | 80,753      | \$ 7,558   | \$ 44,377  | \$ 41,228  | \$ 34,669 | \$ 18,881 | \$ 28,606 | \$ 23,605 | \$ 3,183  | \$ 33,805 |

Source: Finance Department, City of Anaheim

## Governmental Activities Tax Revenues By Source

### Last Ten Fiscal Years (In thousands)

(Accrual basis of accounting)

| Fiscal Year | Amounts        |                     |                           |   |             | Total     |
|-------------|----------------|---------------------|---------------------------|---|-------------|-----------|
|             | Property Taxes | Sales and Use Taxes | Transient Occupancy Taxes | Motor Vehicle License Fees <sup>1</sup> | Other Taxes |           |
| 2011        | \$106,093      | \$54,711            | \$82,605                  | \$ 1,783                                | \$ 7,288    | \$252,480 |
| 2010        | 107,420        | 51,214              | 77,139                    | 1,026                                   | 7,288       | 244,087   |
| 2009        | 107,921        | 56,035              | 80,055                    | 1,180                                   | 8,041       | 253,232   |
| 2008        | 105,311        | 62,510              | 87,183                    | 1,532                                   | 9,529       | 266,065   |
| 2007        | 98,647         | 64,878              | 83,914                    | 1,866                                   | 10,337      | 259,642   |
| 2006        | 86,756         | 66,972              | 75,979                    | 2,595                                   | 10,817      | 243,119   |
| 2005        | 78,620         | 60,803              | 67,141                    | 2,113                                   | 10,175      | 218,852   |
| 2004        | 57,239         | 55,716              | 63,268                    | 21,143                                  | 9,561       | 206,927   |
| 2003        | 53,809         | 52,426              | 56,199                    | 19,360                                  | 8,935       | 190,729   |
| 2002        | 49,867         | 52,059              | 57,780                    | 18,751                                  | 8,885       | 187,342   |

<sup>1</sup> The decrease in motor vehicle license fees starting from fiscal year 2005 is due to the shifting of revenue from motor vehicle license fees category to the property tax category. This was part of the State of California 2004 Budget Act.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the fiscal year 2011 presentation.

Source: Finance Department, City of Anaheim

## Fund Balances of Governmental Funds

### Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

|   | Fiscal Year         |           |           |           |           |           |           |           |           |           |
|---|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | 2011 <sup>(1)</sup> | 2010      | 2009      | 2008      | 2007      | 2006      | 2005      | 2004      | 2003      | 2002      |
| <b>General Fund</b>                     |                     |           |           |           |           |           |           |           |           |           |
| Nonspendable                            | \$ 3,626            |           |           |           |           |           |           |           |           |           |
| Restricted                              | 582                 |           |           |           |           |           |           |           |           |           |
| Assigned                                | 141                 |           |           |           |           |           |           |           |           |           |
| Unassigned                              | 22,139              |           |           |           |           |           |           |           |           |           |
| Reserved                                |                     | \$ 4,092  | \$ 4,530  | \$ 5,001  | \$ 8,525  | \$ 9,701  | \$ 9,892  | \$ 10,225 | \$ 6,873  | \$ 2,856  |
| Unreserved - designated                 |                     |           |           |           |           |           |           | 293       | 4,872     | 208       |
| Unreserved - undesignated               |                     | 29,490    | 47,729    | 37,347    | 47,409    | 44,978    | 39,179    | 34,458    | 31,268    | 33,512    |
| Total General Fund                      | 26,488              | 33,582    | 52,259    | 42,348    | 55,934    | 54,679    | 49,071    | 44,976    | 43,013    | 36,576    |
| <b>Housing Authority Fund</b>           |                     |           |           |           |           |           |           |           |           |           |
| Nonspendable                            | 42                  |           |           |           |           |           |           |           |           |           |
| Restricted                              | 7,778               |           |           |           |           |           |           |           |           |           |
| Assigned                                | 9,922               |           |           |           |           |           |           |           |           |           |
| Unassigned                              |                     |           |           |           |           |           |           |           |           |           |
| Reserved                                |                     | 1,373     | 1,830     | 830       | 162       |           |           |           | 158       |           |
| Unreserved - undesignated               |                     | 11,603    | 5,669     | 6,474     | 7,935     | 3,932     | 5,682     | 5,525     | 4,894     | 4,347     |
| Total Housing Authority Fund            | 17,742              | 12,976    | 7,499     | 7,304     | 8,097     | 3,932     | 5,682     | 5,525     | 5,052     | 4,347     |
| <b>Nonmajor Governmental Funds</b>      |                     |           |           |           |           |           |           |           |           |           |
| Nonspendable                            | 631                 |           |           |           |           |           |           |           |           |           |
| Restricted                              | 226,184             |           |           |           |           |           |           |           |           |           |
| Assigned                                | 23,251              |           |           |           |           |           |           |           |           |           |
| Unassigned                              | (34,293)            |           |           |           |           |           |           |           |           |           |
| Reserved                                |                     | 130,313   | 142,760   | 138,402   | 120,885   | 110,289   | 76,568    | 91,787    | 87,547    | 85,149    |
| Unreserved - designated, reported in:   |                     |           |           |           |           |           |           |           |           |           |
| Special revenue funds                   |                     | 7,349     | 7,211     | 6,809     | 2,415     | 9,102     | 14,974    | 7,993     |           | 13,305    |
| Debt service funds                      |                     | 156       | 4,433     | 1,656     | 2,276     | 1,137     | 1,457     |           |           |           |
| Capital projects funds                  |                     | 31,899    | 41,544    | 32,809    | 38,430    | 45,495    | 36,497    | 24,538    | 36,501    | 65,313    |
| Unreserved - undesignated, reported in: |                     |           |           |           |           |           |           |           |           |           |
| Special revenue funds                   |                     | 14,350    | 5,342     | 4,199     | 4,183     | 14,902    | 25,955    | 27,016    | 29,688    | 18,913    |
| Capital projects funds                  |                     | (3,376)   | (7,037)   | (15,551)  | (25,687)  | (22,787)  | (4,735)   |           |           |           |
| Total nonmajor governmental funds       | 215,773             | 180,691   | 194,253   | 168,324   | 142,502   | 158,138   | 150,716   | 151,334   | 153,736   | 182,680   |
| Total governmental funds <sup>1</sup>   | \$260,003           | \$227,249 | \$254,011 | \$217,976 | \$206,533 | \$216,749 | \$205,469 | \$201,835 | \$201,801 | \$223,603 |

<sup>1</sup> The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) for the fiscal year ended June 30, 2011.

Fund balance classifications prior to the implementation of GASB 54 are not available

Source: Finance Department, City of Anaheim

## Changes in Fund Balances of Governmental Funds

### Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

|  | Fiscal Year |             |           |           |             |           |          |          |             |             |
|--|-------------|-------------|-----------|-----------|-------------|-----------|----------|----------|-------------|-------------|
|  | 2011        | 2010        | 2009      | 2008      | 2007        | 2006      | 2005     | 2004     | 2003        | 2002        |
| <b>Revenues</b>  |             |             |           |           |             |           |          |          |             |             |
| Property taxes   | \$106,093   | \$107,420   | \$107,921 | \$105,311 | \$98,647    | \$86,756  | \$78,620 | \$57,239 | \$53,809    | \$49,867    |
| Sales and use taxes                                      | 55,034      | 48,210      | 56,493    | 64,296    | 65,695      | 64,993    | 59,000   | 54,559   | 53,241      | 51,552      |
| Transient occupancy taxes                                | 82,605      | 77,139      | 80,055    | 87,183    | 83,914      | 75,979    | 67,141   | 63,268   | 56,199      | 57,780      |
| Other taxes  | 6,486       | 6,303       | 6,451     | 6,753     | 7,531       | 7,862     | 7,542    | 7,095    | 6,570       | 6,460       |
| Licenses, fees and permits                               | 18,772      | 21,580      | 21,062    | 24,705    | 37,991      | 40,625    | 18,749   | 15,578   | 15,731      | 15,806      |
| Intergovernmental revenues                               | 150,394     | 141,418     | 158,729   | 135,072   | 112,593     | 104,705   | 102,423  | 109,523  | 108,798     | 105,250     |
| Charges for services                                     | 24,408      | 18,351      | 17,874    | 17,730    | 16,799      | 16,216    | 15,459   | 18,565   | 17,911      | 17,450      |
| Fines, forfeits and penalties                            | 3,304       | 3,255       | 3,409     | 3,767     | 3,689       | 3,464     | 3,454    | 2,812    | 2,673       | 2,769       |
| Use of money and property                                | 10,159      | 10,236      | 9,293     | 16,923    | 18,208      | 13,203    | 9,144    | 8,408    | 12,354      | 13,878      |
| Other  | 2,638       | 4,009       | 10,137    | 3,755     | 7,601       | 18,164    | 6,143    | 3,490    | 3,436       | 4,654       |
| Total revenues   | 459,893     | 437,921     | 471,424   | 465,495   | 452,668     | 431,967   | 367,675  | 340,537  | 330,722     | 325,466     |
| <b>Expenditures</b>                                      |             |             |           |           |             |           |          |          |             |             |
| General government                                       | 16,055      | 15,822      | 16,953    | 16,325    | 15,354      | 13,667    | 12,276   | 11,370   | 12,823      | 12,403      |
| Police   | 114,678     | 115,379     | 112,057   | 115,195   | 109,467     | 94,602    | 86,529   | 74,356   | 74,518      | 68,274      |
| Fire   | 55,802      | 55,713      | 55,966    | 54,685    | 48,201      | 48,383    | 44,182   | 36,277   | 35,684      | 34,651      |
| Community Development                                    | 110,138     | 126,590     | 112,406   | 104,991   | 94,789      | 89,098    | 83,384   | 87,778   | 91,984      | 72,919      |
| Planning   | 14,560      | 15,173      | 15,489    | 15,949    | 14,762      | 13,907    | 12,313   | 11,904   | 10,285      | 10,463      |
| Public Works   | 27,087      | 19,957      | 29,321    | 25,810    | 26,820      | 24,646    | 22,248   | 25,224   | 21,425      | 37,377      |
| Community Services                                       | 27,813      | 31,311      | 33,572    | 35,203    | 32,788      | 28,753    | 25,724   | 25,203   | 25,938      | 26,011      |
| Public Utilities   | 2,220       | 1,939       | 1,507     | 2,120     | 1,791       | 1,704     | 1,557    | 1,566    | 1,811       | 2,651       |
| Convention, Sports and Entertainment                     | 9,917       | 6,369       | 6,699     | 7,390     | 7,399       | 6,131     | 5,140    | 5,353    | 4,677       | 6,003       |
| Capital outlay   | 70,918      | 62,422      | 52,229    | 60,906    | 76,161      | 77,738    | 41,301   | 32,195   | 40,881      | 35,310      |
| Debt service:  |             |             |           |           |             |           |          |          |             |             |
| Principal  | 12,219      | 12,777      | 16,085    | 27,472    | 18,065      | 19,032    | 10,134   | 9,391    | 8,020       | 7,797       |
| Interest charges   | 33,032      | 33,509      | 34,830    | 28,324    | 41,187      | 39,037    | 38,681   | 38,630   | 38,330      | 38,081      |
| Debt issuance costs                                      | 227         |             | 70        | 5,182     | 4,017       |           |          |          |             |             |
| Total expenditures                                       | 494,666     | 496,961     | 487,184   | 499,552   | 490,801     | 456,698   | 383,469  | 359,247  | 366,376     | 351,940     |
| Revenues over (under) expenditures                       | (34,773)    | (59,040)    | (15,760)  | (34,057)  | (38,133)    | (24,731)  | (15,794) | (18,710) | (35,654)    | (26,474)    |
| <b>Other Financing Sources (Uses)</b>                    |             |             |           |           |             |           |          |          |             |             |
| Transfers in   | 99,571      | 83,498      | 121,987   | 299,410   | 101,249     | 95,535    | 99,166   | 73,939   | 67,407      | 66,480      |
| Transfers out  | (86,621)    | (59,970)    | (76,304)  | (288,985) | (91,028)    | (84,325)  | (88,277) | (62,970) | (63,759)    | (56,470)    |
| Issuance of refunding bonds                              |             |             | 5,084     | 201,680   | 253,134     |           |          |          |             |             |
| Payments to refunded bond escrow agent                   |             |             | (5,683)   | (171,222) | (255,325)   |           |          |          |             |             |
| Premium on long-term debt                                |             |             | 94        | 4,641     |             |           |          |          |             |             |
| Discount on long-term debt                               |             |             |           | (199)     |             |           |          |          |             |             |
| Issuance of long-term debt                               | 13,570      | 8,000       | 2,769     | 175       | 18,238      | 22,583    | 7,289    | 7,775    | 4,450       |             |
| Issuance of refunding bonds                              |             |             |           |           |             |           |          |          |             |             |
| Contribution from property owners                        | 41,007      |             |           |           |             |           |          |          |             |             |
| Special items  |             |             |           |           |             |           | 1,250    |          |             |             |
| Proceeds from the sale of capital assets                 |             |             |           |           |             | 20        |          |          | 5,754       |             |
| Capital leases   |             |             |           |           | 1,649       | 2,198     |          |          |             |             |
| Claims settlement proceeds                               |             | 750         | 3,848     |           |             |           |          |          |             |             |
| Total other financing sources                            | 67,527      | 32,278      | 51,795    | 45,500    | 27,917      | 36,011    | 19,428   | 18,744   | 13,852      | 10,010      |
| Net change in fund balances                              | \$ 32,754   | \$ (26,762) | \$ 36,035 | \$ 11,443 | \$ (10,216) | \$ 11,280 | \$ 3,634 | \$ 34    | \$ (21,802) | \$ (16,464) |
| Debt service as a percentage of non-capital expenditures | 10.68%      | 10.65%      | 11.71%    | 12.72%    | 14.29%      | 15.32%    | 14.27%   | 14.68%   | 14.24%      | 14.49%      |

Source: Finance Department, City of Anaheim

## General Government Tax Revenues By Source

**Last Ten Fiscal Years** (In thousands)

(Modified accrual basis of accounting)

| Fiscal Year | Amounts in Dollars     |                          |                             |  |                     |                           |             | Total     |
|-------------|------------------------|--------------------------|-----------------------------|--|---------------------|---------------------------|-------------|-----------|
|             | Secured Property Taxes | Unsecured Property Taxes | Supplemental Property Taxes | Property Taxes in-lieu of VLF <sup>1</sup> | Sales and Use Taxes | Transient Occupancy Taxes | Other Taxes |           |
| 2011        | \$68,830               | \$10,079                 | \$1,939                     | \$25,245                                   | \$55,034            | \$82,605                  | \$6,486     | \$250,218 |
| 2010        | 71,076                 | 9,562                    | 1,382                       | 25,400                                     | 48,210              | 77,139                    | 6,303       | 239,072   |
| 2009        | 70,133                 | 9,410                    | 2,678                       | 25,700                                     | 56,493              | 80,055                    | 6,451       | 250,920   |
| 2008        | 65,853                 | 10,448                   | 4,170                       | 24,840                                     | 64,296              | 87,183                    | 6,753       | 263,543   |
| 2007        | 59,042                 | 9,945                    | 4,580                       | 25,080                                     | 65,695              | 83,914                    | 7,531       | 255,787   |
| 2006        | 49,570                 | 9,409                    | 4,207                       | 23,570                                     | 64,993              | 75,979                    | 7,862       | 235,590   |
| 2005        | 46,181                 | 9,244                    | 3,626                       | 19,569                                     | 59,000              | 67,141                    | 7,542       | 212,303   |
| 2004        | 46,523                 | 8,591                    | 2,125                       |  | 54,559              | 63,268                    | 7,095       | 182,161   |
| 2003        | 44,689                 | 7,358                    | 1,762                       |  | 53,241              | 56,199                    | 6,570       | 169,819   |
| 2002        | 41,272                 | 6,778                    | 1,817                       |  | 51,552              | 57,780                    | 6,460       | 165,659   |

<sup>1</sup> Collection of property taxes in-lieu of VLF starting in fiscal year 2005 is due to the shifting of revenue from motor vehicle license fees category to the property tax category. This was part of the State of California 2004 Budget Act.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the fiscal year 2011 presentation.

Source: Finance Department, City of Anaheim

## Assessed Value of Taxable Property

### Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

|                                     | Fiscal Year         |                     |                     |                     |                     |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                     | 2011                | 2010                | 2009                | 2008                | 2007                |
| <b>City of Anaheim</b>              |                     |                     |                     |                     |                     |
| Secured property                    | \$28,600,152        | \$28,775,989        | \$29,329,062        | \$28,473,221        | \$26,507,229        |
| Unsecured property                  | 1,278,062           | 1,283,263           | 1,226,209           | 1,198,812           | 2,442,959           |
| Total City of Anaheim               | 29,878,214          | 30,059,252          | 30,555,271          | 29,672,033          | 28,950,188          |
| <b>Anaheim Redevelopment Agency</b> |                     |                     |                     |                     |                     |
| Secured property                    | 3,751,227           | 3,762,168           | 3,644,931           | 3,360,645           | 2,838,528           |
| Unsecured property                  | 743,403             | 762,903             | 789,618             | 818,255             | 813,249             |
| Total Anaheim Redevelopment Agency  | 4,494,630           | 4,525,071           | 4,434,549           | 4,178,900           | 3,651,777           |
| <b>Total Taxable Assessed Value</b> | <u>\$34,372,844</u> | <u>\$34,584,323</u> | <u>\$34,989,820</u> | <u>\$33,850,933</u> | <u>\$32,601,965</u> |
| <b>Total Direct Tax Rate</b>        | 0.11075%            | 0.11031%            | 0.11024%            | 0.11041%            | 0.11041%            |

|                                     | Fiscal Year         |                     |                     |                     |                     |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                     | 2006                | 2005                | 2004                | 2003                | 2002                |
| <b>City of Anaheim</b>              |                     |                     |                     |                     |                     |
| Secured property                    | \$24,081,039        | \$22,288,504        | \$20,826,232        | \$20,145,764        | \$18,389,042        |
| Unsecured property                  | 1,117,310           | 1,162,358           | 1,287,967           | 2,641,697           | 1,086,486           |
| Total City of Anaheim               | 25,198,349          | 23,450,862          | 22,114,199          | 22,787,461          | 19,475,528          |
| <b>Anaheim Redevelopment Agency</b> |                     |                     |                     |                     |                     |
| Secured property                    | 2,574,542           | 2,332,303           | 2,177,936           | 2,057,045           | 1,877,074           |
| Unsecured property                  | 734,299             | 748,144             | 731,733             | 564,089             | 536,872             |
| Total Anaheim Redevelopment Agency  | 3,308,841           | 3,080,447           | 2,909,669           | 2,621,134           | 2,413,946           |
| <b>Total Taxable Assessed Value</b> | <u>\$28,507,190</u> | <u>\$26,531,309</u> | <u>\$25,023,868</u> | <u>\$25,408,595</u> | <u>\$21,889,474</u> |
| <b>Total Direct Tax Rate</b>        | 0.11083%            | 0.11117%            | 0.11161%            | 0.11103%            | 0.11168%            |

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

Source: Auditor-Controller, California municipal Statistics, Inc, County of Orange, HdL Coren & Cone



**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years** (Rate per \$100 assessed value)

|   | Fiscal Year |         |         |         |         |         |         |         |         |         |
|---|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|   | 2011        | 2010    | 2009    | 2008    | 2007    | 2006    | 2005    | 2004    | 2003    | 2002    |
| City Direct Rate <sup>(1)</sup>                 |             |         |         |         |         |         |         |         |         |         |
| City Basic Rate <sup>(2)</sup>                  | 0.10851     | 0.10816 | 0.10816 | 0.10816 | 0.10816 | 0.10816 | 0.10816 | 0.10816 | 0.10816 | 0.10816 |
| Anaheim General Obligation Bond Fund            | 0.00224     | 0.00215 | 0.00208 | 0.00225 | 0.00225 | 0.00267 | 0.00301 | 0.00345 | 0.00287 | 0.00352 |
|   | 0.11075     | 0.11031 | 0.11024 | 0.11041 | 0.11041 | 0.11083 | 0.11117 | 0.11161 | 0.11103 | 0.11168 |
| Overlapping Rates:                              |             |         |         |         |         |         |         |         |         |         |
| Anaheim Elementary General Fund                 | 0.29873     | 0.29778 | 0.29778 | 0.29778 | 0.29778 | 0.29778 | 0.29778 | 0.29778 | 0.29778 | 0.29778 |
| Anaheim High General Fund                       | 0.19043     | 0.18982 | 0.18982 | 0.18982 | 0.18982 | 0.18982 | 0.18982 | 0.18982 | 0.18982 | 0.18982 |
| Educational Revenue Augmentation Fund           | 0.15592     | 0.15543 | 0.15543 | 0.15543 | 0.15543 | 0.15543 | 0.15543 | 0.15543 | 0.15543 | 0.15543 |
| North Orange Co. Community College General Fund | 0.07755     | 0.07730 | 0.07730 | 0.07730 | 0.07730 | 0.07730 | 0.07730 | 0.07730 | 0.07730 | 0.07730 |
| Orange County Cemetery District                 | 0.00057     | 0.00057 | 0.00057 | 0.00057 | 0.00057 | 0.00057 | 0.00057 | 0.00057 | 0.00057 | 0.00057 |
| Orange County Department Of Education           | 0.01579     | 0.01574 | 0.01574 | 0.01574 | 0.01574 | 0.01574 | 0.01574 | 0.01574 | 0.01574 | 0.01574 |
| Orange County Flood Control District General    | 0.02197     | 0.02190 | 0.02190 | 0.02190 | 0.02190 | 0.02190 | 0.02190 | 0.02190 | 0.02190 | 0.02190 |
| Orange County General Fund                      | 0.06849     | 0.06827 | 0.06827 | 0.06827 | 0.06827 | 0.06827 | 0.06827 | 0.06827 | 0.06827 | 0.06827 |
| Orange County Harbors Beaches & Parks CSA       | 0.01698     | 0.01693 | 0.01693 | 0.01693 | 0.01693 | 0.01693 | 0.01693 | 0.01693 | 0.01693 | 0.01693 |
| Orange County Sanitation District #2 Operating  | 0.03227     | 0.03469 | 0.03496 | 0.03469 | 0.03469 | 0.03469 | 0.03469 | 0.03469 | 0.03469 | 0.03469 |
| Orange County Transportation Authority          | 0.00312     | 0.00311 | 0.00311 | 0.00311 | 0.00311 | 0.00311 | 0.00311 | 0.00311 | 0.00311 | 0.00311 |
| Orange County Vector Control                    | 0.00124     | 0.00124 | 0.00124 | 0.00124 | 0.00124 | 0.00124 | 0.00124 | 0.00124 | 0.00124 | 0.00124 |
| Orange County Water District                    | 0.00831     | 0.00893 | 0.00893 | 0.00893 | 0.00893 | 0.00893 | 0.00893 | 0.00893 | 0.00893 | 0.00893 |
| Orange County Water District Water Reserve      | 0.00012     | 0.00013 | 0.00013 | 0.00013 | 0.00013 | 0.00013 | 0.00013 | 0.00013 | 0.00013 | 0.00013 |
| Anaheim Elementary School Districts             | 0.03363     | 0.03193 | 0.02248 | 0.03544 | 0.02240 | 0.02811 | 0.02641 | 0.02495 | 0.02846 |         |
| Anaheim High School Districts                   | 0.02745     | 0.02617 | 0.02363 | 0.02516 | 0.02355 | 0.02444 | 0.02770 | 0.02370 | 0.02567 |         |
| North Orange County Community College           | 0.01758     | 0.01662 | 0.01493 | 0.01502 | 0.01444 | 0.00520 | 0.00580 | 0.00610 | 0.00670 | 0.00770 |
| Water District Rate                             | 0.00370     | 0.00430 | 0.00430 | 0.00450 | 0.00470 | 0.01666 | 0.01441 | 0.01597 | 0.01573 |         |
| Total Direct and Overlapping Rates              | 1.08460     | 1.08117 | 1.06742 | 1.08237 | 1.06734 | 1.07708 | 1.07733 | 1.07417 | 1.07943 | 1.01122 |

<sup>(1)</sup> Excludes rates associated with Mello-Roos Districts.

<sup>(2)</sup> In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is assessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value.

Source: Auditor-Controller, Orange County

## Principal Property Tax Payers

### Current Year and Nine Years Ago (In thousands)

| Tax Payer                 | Fiscal Year                          |                                      |
|---------------------------|--------------------------------------|--------------------------------------|
|                           | 2011                                 | 2002                                 |
|                           | Rank<br>Taxable<br>Assessed<br>Value | Rank<br>Taxable<br>Assessed<br>Value |
| Walt Disney World Company | 1 \$3,840,600                        | 1 \$2,267,576                        |
| Makar Anaheim LLC         | 2 129,692                            |                                      |
| Kilroy Realty LP          | 3 126,099                            | 8 57,437                             |
| Anaheim GW II LLC         | 4 125,571                            |                                      |
| Lennar Platinum Triangle  | 5 123,998                            |                                      |
| PPC Anaheim Apartments    | 6 107,780                            |                                      |
| Angeli LLC                | 7 84,468                             | 3 69,609                             |
| Worldmark Club            | 8 81,407                             |                                      |
| Joan MTR Schlund          | 9 79,032                             | 4 68,385                             |
| Avalon Anaheim Stadium    | 10 76,509                            |                                      |
| Boeing North America      |                                      | 2 143,228                            |
| James P. Crawford         |                                      | 5 65,388                             |
| Reef America REIT II      |                                      | 6 61,241                             |
| OTR                       |                                      | 7 58,182                             |
| Fairfield Resorts, Inc.   |                                      | 9 53,612                             |
| PC and RS Chao Family LTD |                                      | 10 49,746                            |
| Total                     | <u>\$4,775,156</u>                   | <u>\$2,894,404</u>                   |

Source: Finance Department, City of Anaheim, California Municipal Statistics, Inc.

## Property Tax Levies and Collections

### Last Ten Fiscal Years (In thousands)

| Fiscal Year | Total Secured Tax Levy | Collected within the Fiscal Year of the Levy |                    | Delinquent Tax Collections | Total Collections as of 6/30 |                    |
|-------------|------------------------|--|--------------------|----------------------------|------------------------------|--------------------|
|             |                        | Amount                                       | Percentage of Levy |                            | Amount                       | Percentage of Levy |
| 2011        | \$69,915               | \$67,247                                     | 96.18%             | \$ 485                     | \$67,732                     | 96.88%             |
| 2010        | 70,988                 | 69,087                                       | 97.32%             | 1,583                      | 70,670                       | 99.55%             |
| 2009        | 70,592                 | 68,426                                       | 96.93%             | 1,742                      | 70,168                       | 99.40%             |
| 2008        | 66,592                 | 64,801                                       | 97.31%             | 1,536                      | 66,337                       | 99.62%             |
| 2007        | 60,386                 | 58,292                                       | 96.53%             | 920                        | 59,212                       | 98.06%             |
| 2006        | 53,935                 | 52,920                                       | 98.12%             | 553                        | 53,473                       | 99.14%             |
| 2005        | 49,816                 | 49,197                                       | 98.76%             | 543                        | 49,740                       | 99.85%             |
| 2004        | 46,547                 | 45,731                                       | 98.25%             | 775                        | 46,506                       | 99.91%             |
| 2003        | 46,390                 | 43,995                                       | 94.84%             | 621                        | 44,616                       | 96.18%             |
| 2002        | 40,972                 | 40,313                                       | 98.39%             | 654                        | 40,967                       | 99.99%             |

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the fiscal year 2011 presentation.

Source: Auditor-Controller, County of Orange

## Ratios of Outstanding Debt by Type

### Last Ten Fiscal Years (In thousands, except per capita amount)

|                                      | Fiscal Year        |                    |                    |                    |                    |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                      | 2011               | 2010               | 2009               | 2008               | 2007               |
| <b>Governmental Activities</b>       |                    |                    |                    |                    |                    |
| Bonds                                | \$ 821,587         | \$ 810,504         | \$ 805,068         | \$ 793,343         | \$ 740,107         |
| Certificates of participation        | 12,070             | 12,990             | 13,840             | 23,333             | 26,788             |
| Notes and loans                      | 34,566             | 29,094             | 24,621             | 27,538             | 57,614             |
| Capital leases                       | 2,341              | 2,605              | 1,235              | 2,353              | 2,484              |
| Total governmental activities        | <u>870,564</u>     | <u>855,193</u>     | <u>844,764</u>     | <u>846,567</u>     | <u>826,993</u>     |
| <b>Business-Type Activities</b>      |                    |                    |                    |                    |                    |
| Bonds                                | 908,683            | 805,925            | 829,707            | 689,791            | 706,126            |
| Certificates of participation        | 38,000             | 38,000             | 38,000             | 88,185             | 96,475             |
| Notes and loans                      | 30,519             | 11,379             | 12,299             | 13,189             | 14,081             |
| Capital leases                       |                    |                    |                    |                    | 267                |
| Total business-type activities       | <u>977,202</u>     | <u>855,304</u>     | <u>880,006</u>     | <u>791,165</u>     | <u>816,949</u>     |
| <b>Total Government</b>              | <u>\$1,847,766</u> | <u>\$1,710,497</u> | <u>\$1,724,770</u> | <u>\$1,637,732</u> | <u>\$1,643,942</u> |
| <b>Percentage of Personal Income</b> | 24.12%             | 23.32%             | 23.96%             | 21.93%             | 22.17%             |
| <b>Per Capita</b>                    | \$ 5,418           | \$ 5,088           | \$ 5,193           | \$ 4,953           | \$ 4,985           |

|                                      | Fiscal Year        |                    |                    |                    |                    |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                      | 2006               | 2005               | 2004               | 2003               | 2002               |
| <b>Governmental Activities</b>       |                    |                    |                    |                    |                    |
| Bonds                                | \$ 740,959         | \$ 739,775         | \$ 737,538         | \$ 734,079         | \$ 729,955         |
| Certificates of participation        | 30,066             | 33,174             | 36,107             | 38,941             | 41,679             |
| Notes and loans                      | 43,342             | 28,669             | 22,747             | 17,152             | 13,403             |
| Capital leases                       | 2,220              | 1,523              | 2,001              | 269                | 362                |
| Total governmental activities        | <u>816,587</u>     | <u>803,141</u>     | <u>798,393</u>     | <u>790,441</u>     | <u>785,399</u>     |
| <b>Business-Type Activities</b>      |                    |                    |                    |                    |                    |
| Bonds                                | 513,874            | 528,130            | 543,780            | 429,957            | 416,961            |
| Certificates of participation        | 125,087            | 132,952            | 140,355            | 144,564            | 176,409            |
| Notes and loans                      | 14,976             | 15,842             | 16,678             | 17,485             | 18,264             |
| Capital leases                       | 275                | 180                | 349                | 509                | 660                |
| Total business-type activities       | <u>654,212</u>     | <u>677,104</u>     | <u>701,162</u>     | <u>592,515</u>     | <u>612,294</u>     |
| <b>Total Government</b>              | <u>\$1,470,799</u> | <u>\$1,480,245</u> | <u>\$1,499,555</u> | <u>\$1,382,956</u> | <u>\$1,397,693</u> |
| <b>Percentage of Personal Income</b> | 20.01%             | 21.48%             | 21.60%             | 20.11%             | 20.76%             |
| <b>Per Capita</b>                    | \$ 4,465           | \$ 4,466           | \$ 4,507           | \$ 4,174           | \$ 4,228           |

Note: Per capita amounts are estimates.

Sources: California State Department of Finance and  
Finance Department, City of Anaheim  
US Census Yearly American Community Survey

## Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years (In thousands, except per capita amount)

|   | Fiscal Year      |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
|   | 2011             | 2010             | 2009             | 2008             | 2007             |
| <b>Bonds</b>                                |                  |                  |                  |                  |                  |
| General Obligation                          | \$ 3,735         | \$ 4,255         | \$ 4,750         | \$ 5,220         | \$ 5,700         |
| Lease Revenue                               | 609,683          | 605,252          | 600,064          | 588,692          | 582,272          |
| Tax Allocation                              | <u>208,169</u>   | <u>200,997</u>   | <u>200,254</u>   | <u>199,431</u>   | <u>152,135</u>   |
|   | 821,587          | 810,504          | 805,068          | 793,343          | 740,107          |
| Less amounts available in debt service fund | <u>67,363</u>    | <u>69,043</u>    | <u>63,560</u>    | <u>57,995</u>    | <u>39,075</u>    |
| Total net obligation bonds outstanding      | <u>\$754,224</u> | <u>\$741,461</u> | <u>\$741,508</u> | <u>\$735,348</u> | <u>\$701,032</u> |
| Percentage of Assessed Value of Property    | 2.19%            | 2.14%            | 2.12%            | 2.17%            | 2.15%            |
| Per capita                                  | \$ 2,212         | \$ 2,205         | \$ 2,233         | \$ 2,224         | \$ 2,126         |

|   | Fiscal Year      |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
|   | 2006             | 2005             | 2004             | 2003             | 2002             |
| <b>Bonds</b>                                |                  |                  |                  |                  |                  |
| General Obligation                          | \$ 6,170         | \$ 6,625         | \$ 7,060         | \$ 7,460         | \$ 7,850         |
| Lease Revenue                               | 575,125          | 569,016          | 562,118          | 554,361          | 546,152          |
| Tax Allocation                              | <u>159,664</u>   | <u>164,134</u>   | <u>168,360</u>   | <u>172,258</u>   | <u>175,953</u>   |
|   | 740,959          | 739,775          | 737,538          | 734,079          | 729,955          |
| Less amounts available in debt service fund | <u>39,232</u>    | <u>30,812</u>    | <u>44,132</u>    | <u>41,461</u>    | <u>44,916</u>    |
| Total net obligation bonds outstanding      | <u>\$701,727</u> | <u>\$708,963</u> | <u>\$693,406</u> | <u>\$692,618</u> | <u>\$685,039</u> |
| Percentage of Assessed Value of Property    | 2.46%            | 2.67%            | 2.77%            | 2.73%            | 3.13%            |
| Per capita                                  | \$ 2,130         | \$ 2,139         | \$ 2,084         | \$ 2,090         | \$ 2,072         |

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

Source: Finance Department, City of Anaheim

## Direct and Overlapping Governmental Activities Debt

As of June 30, 2011 (In thousands)

|                                     |                     |
|-------------------------------------|---------------------|
| 2010-11 Assessed Valuation          | \$34,372,844        |
| Redevelopment Incremental Valuation | 4,494,630           |
| Adjusted Assessed Valuation         | <u>\$29,878,214</u> |

|   |  |                    |
|---|--|--------------------|
| <b>DIRECT TAX AND ASSESSMENT DEBT:</b>                                  |  | <b>Outstanding</b> |
| City of Anaheim   |  | \$ 3,735           |
| <b>DIRECT GENERAL FUND DEBT:</b>  |  |                    |
| City of Anaheim General Fund Obligations                                |  | 584,657            |
| TOTAL GROSS DIRECT DEBT   |  | 588,392            |
| Less: City of Anaheim Public Financing Authority (100% self-supporting) |  | 572,587            |
| TOTAL NET DIRECT DEBT   |  | 15,805             |

|   | <b>Total Debt<br/>6/30/11</b> | <b>% Applicable(1)</b> | <b>City's Share<br/>of Debt<br/>6/30/11</b> |
|---|-------------------------------|------------------------|---|
| <b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>                                   |                               |                        |   |
| Metropolitan Water District   | \$ 227,670                    | 1.671%                 | \$ 3,804                                    |
| North Orange Joint Community College District                                 | 214,514                       | 28.642                 | 61,441                                      |
| Rancho Santiago Community College District                                    | 309,908                       | 15.303                 | 47,425                                      |
| Anaheim Union High School District  | 113,874                       | 72.098                 | 82,101                                      |
| Fullerton Joint Union High School District                                    | 56,768                        | 0.348                  | 198   |
| Placentia - Yorba Linda Unified School District                               | 273,148                       | 11.277                 | 30,803                                      |
| Anaheim School District   | 13,481                        | 99.820                 | 130,246                                     |
| Magnolia School District  | 18,422                        | 54.340                 | 10,011                                      |
| Other School Districts  | 211,094                       | Various                | 15,063                                      |
| City of Anaheim Community Facilities Districts                                | 44,505                        | 100.000                | 44,505                                      |
| Orange Unified School District Community Facilities Districts                 | 11,130                        | 9.786-100.000          | 5,293                                       |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT                                     | <u>1,494,514</u>              |                        | <u>430,890</u>                              |
| <b>OVERLAPPING GENERAL FUND DEBT:</b>   |                               |                        |   |
| Orange County General Fund Obligations  | 316,898                       | 7.998%                 | 25,346                                      |
| Orange County Pension Obligations   | 54,683                        | 7.998                  | 4,373                                       |
| Orange County Board of Education Certificates of Participation                | 19,000                        | 7.998                  | 1,520                                       |
| Yorba Linda County Water District Certificates of Participation               | 9,200                         | 0.958                  | 88  |
| North Orange County Regional Occupation Program Certificates of Participation | 11,340                        | 29.577                 | 3,354                                       |
| Orange Unified School District Certificates of Participation                  | 49,350                        | 30.512                 | 15,058                                      |
| Orange Unified School District Benefit Obligations                            | 91,365                        | 30.512                 | 27,877                                      |
| Placentia-Yorba Linda Unified School District Certificates of Participation   | 108,661                       | 11.277                 | 12,254                                      |
| Anaheim Union High School District Certificates of Participation              | 38,975                        | 72.098                 | 28,100                                      |
| Fullerton Joint Union High School District Certificates of Participation      | 22,255                        | 0.348                  | 77  |
| Centralia School District Certificates of Participation                       | 990                           | 11.832                 | 117   |
| Fullerton School District Certificates of Participation                       | 6,670                         | .204                   | 14  |
| TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT                          | <u>729,387</u>                |                        | <u>118,178</u>                              |
| TOTAL GROSS OVERLAPPING DEBT  |                               |                        | <u>549,068</u>                              |
| TOTAL NET OVERLAPPING DEBT  |                               |                        | <u>549,068</u>                              |
| GROSS COMBINED TOTAL DEBT   |                               |                        | <u>1,137,460 (2)</u>                        |
| NET COMBINED TOTAL DEBT   |                               |                        | <u>\$ 564,873</u>                           |

(continued)

## Direct and Overlapping Governmental Activities Debt

**As of June 30, 2011** (In thousands)

(continued)

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

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

### Ratios to 2010-11 Assessed Valuation:

|  |       |
|--|-------|
| Direct Debt (\$3,735)                                | 0.01% |
| Total Direct and Overlapping Tax and Assessment Debt | 1.26% |

### Ratios to Adjusted Assessed Valuation:

|  |       |
|--|-------|
| Gross Combined Direct Debt (\$588,392) | 1.97% |
| Net Combined Direct Debt (\$15,805)    | 0.05% |
| Gross Combined Total Debt              | 3.81% |
| Net Combined Total Debt                | 1.89% |

State School Building Aid Repayable as of 6/30/11: \$0

Source: California Municipal Statistics, Inc.

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

## Legal Debt Margin

### Last Ten Fiscal Years (In thousands)

|  | Fiscal Year         |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2011                | 2010                | 2009                | 2008                | 2007                |
| Debt limit   | \$ 4,290,023        | \$ 4,316,398        | \$ 4,399,359        | \$ 4,270,983        | \$ 3,976,084        |
| Total net debt applicable to limit                                   | (3,735)             | (4,255)             | (4,750)             | (5,220)             | (5,700)             |
| Legal debt margin  | <u>\$ 4,286,288</u> | <u>\$ 4,312,143</u> | <u>\$ 4,394,609</u> | <u>\$ 4,265,763</u> | <u>\$ 3,970,384</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.09%               | 0.10%               | 0.11%               | 0.12%               | 0.14%               |
| <u>Legal Debt Margin</u>   |                     |                     |                     |                     |                     |
| Assessed value   | \$28,600,152        | \$28,775,989        | \$29,329,062        | \$28,473,221        | \$26,507,227        |
| Debt limit (15% of total assessed value)                             | 4,290,023           | 4,316,398           | 4,399,359           | 4,270,983           | 3,976,084           |
|  | Fiscal Year         |                     |                     |                     |                     |
|  | 2006                | 2005                | 2004                | 2003                | 2002                |
| Debt limit   | \$ 3,612,156        | \$ 3,343,276        | \$ 3,123,935        | \$ 3,418,119        | \$ 2,882,716        |
| Total net debt applicable to limit                                   | (6,170)             | (6,625)             | (7,060)             | (7,460)             | (7,850)             |
| Legal debt margin  | <u>\$ 3,605,986</u> | <u>\$ 3,336,651</u> | <u>\$ 3,116,875</u> | <u>\$ 3,410,659</u> | <u>\$ 2,874,866</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.17%               | 0.20%               | 0.23%               | 0.22%               | 0.27%               |
| <u>Legal Debt Margin</u>   |                     |                     |                     |                     |                     |
| Assessed value   | \$24,081,039        | \$22,288,504        | \$20,826,232        | \$22,787,461        | \$19,218,106        |
| Debt limit (15% of total assessed value)                             | 3,612,156           | 3,343,276           | 3,123,935           | 3,418,119           | 2,882,716           |

**Note:**

Under State Finance Law, the City's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: Finance Department, City of Anaheim



## Pledged-Revenue Coverage

### Last Ten Fiscal Years (In thousands)

#### Redevelopment - Tax Allocation Revenue Bonds

| Fiscal Year | Tax Increment Revenue | Less Operating Expenses <sup>1</sup> | Net Available Revenue | Debt Service |          |          | Coverage |
|-------------|-----------------------|--------------------------------------|-----------------------|--------------|----------|----------|----------|
|             |                       |                                      |                       | Principal    | Interest | Total    |          |
| 2011        | \$45,940              | \$ 8,848                             | \$37,092              | \$ 55        | \$10,862 | \$10,917 | 3.3976   |
| 2010        | 46,652                | 21,409                               | 25,243                |              | 10,766   | 10,766   | 2.3447   |
| 2009        | 46,101                | 5,300                                | 40,801                |              | 10,766   | 10,766   | 3.7898   |
| 2008        | 45,719                | 4,722                                | 40,997                | 6,000        | 6,275    | 12,275   | 3.3399   |
| 2007        | 40,710                | 2,729                                | 37,981                | 3,983        | 13,417   | 17,400   | 2.1828   |
| 2006        | 37,341                | 5,196                                | 32,145                | 2,977        | 11,727   | 14,704   | 2.1861   |
| 2005        | 34,984                | 5,361                                | 29,623                | 3,014        | 11,700   | 14,714   | 2.0133   |
| 2004        | 31,650                | 3,321                                | 28,329                | 4,620        | 9,996    | 14,616   | 1.9382   |
| 2003        | 27,762                | 2,628                                | 25,134                | 4,370        | 10,251   | 14,621   | 1.7190   |
| 2002        | 27,394                | 1,275                                | 26,119                | 4,130        | 10,488   | 14,618   | 1.7868   |

<sup>1</sup> Operating expenses consist of SERAF contributions and pass through agreements.

#### Electric Utility Revenue Bonds

| Fiscal Year | Electric Revenue | Less Operating Expenses <sup>2</sup> | Net Available Revenue | Debt Service |          |          | Coverage |
|-------------|------------------|--------------------------------------|-----------------------|--------------|----------|----------|----------|
|             |                  |                                      |                       | Principal    | Interest | Total    |          |
| 2011        | \$391,218        | \$309,274                            | \$81,944              | \$17,825     | \$30,825 | \$48,650 | 1.6844   |
| 2010        | 390,364          | 309,112                              | 81,252                | 15,995       | 31,788   | 47,783   | 1.7004   |
| 2009        | 378,916          | 300,269                              | 78,647                | 15,370       | 28,798   | 44,168   | 1.7806   |
| 2008        | 373,842          | 299,534                              | 74,308                | 14,690       | 29,450   | 44,140   | 1.6835   |
| 2007        | 330,421          | 265,340                              | 65,081                | 13,765       | 24,424   | 38,189   | 1.7042   |
| 2006        | 336,091          | 268,274                              | 67,817                | 13,145       | 25,132   | 38,277   | 1.7717   |
| 2005        | 297,443          | 218,562                              | 78,881                | 15,875       | 24,780   | 40,655   | 1.9403   |
| 2004        | 295,988          | 232,050                              | 63,938                | 14,840       | 20,102   | 34,942   | 1.8298   |
| 2003        | 280,471          | 216,841                              | 63,630                | 14,716       | 19,179   | 33,895   | 1.8773   |
| 2002        | 308,329          | 238,124                              | 70,205                | 14,764       | 16,861   | 31,625   | 2.2199   |

<sup>2</sup> Operating expenses excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

(continued)

## Pledged-Revenue Coverage

### Last Ten Fiscal Years (In thousands)

(continued)

#### Water Utility Revenue Bonds

| Fiscal Year | Water Revenue | Less Operating Expenses <sup>3</sup> | Net Available Revenue | Debt Service |          |         | Coverage |
|-------------|---------------|--------------------------------------|-----------------------|--------------|----------|---------|----------|
|             |               |                                      |                       | Principal    | Interest | Total   |          |
| 2011        | \$56,935      | \$45,293                             | \$11,642              | \$ 880       | \$3,275  | \$4,155 | 2.8019   |
| 2010        | 57,787        | 45,231                               | 12,556                | 1,490        | 2,544    | 4,034   | 3.1125   |
| 2009        | 53,039        | 40,123                               | 12,916                | 1,435        | 1,967    | 3,402   | 3.7966   |
| 2008        | 51,052        | 41,190                               | 9,862                 | 1,375        | 325      | 1,700   | 5.8012   |
| 2007        | 51,595        | 43,203                               | 8,392                 | 1,325        | 379      | 1,704   | 4.9249   |
| 2006        | 47,904        | 39,110                               | 8,794                 | 1,870        | 450      | 2,320   | 3.7905   |
| 2005        | 44,484        | 33,312                               | 11,172                | 1,340        | 485      | 1,825   | 6.1216   |
| 2004        | 44,659        | 35,602                               | 9,057                 | 1,625        | 819      | 2,444   | 3.7058   |
| 2003        | 43,669        | 29,775                               | 13,894                | 1,540        | 906      | 2,446   | 5.6803   |
| 2002        | 43,944        | 31,103                               | 12,841                | 1,465        | 990      | 2,455   | 5.2305   |

<sup>3</sup> Operating expenses excludes amortization and depreciation.

#### Sanitation Revenue Bonds

| Fiscal Year | Wastewater Revenue <sup>5</sup> | Less Operating Expenses <sup>6</sup> | Net Available Revenue | Debt Service |          |         | Coverage |
|-------------|---------------------------------|--------------------------------------|-----------------------|--------------|----------|---------|----------|
|             |                                 |                                      |                       | Principal    | Interest | Total   |          |
| 2011        | \$11,813                        | \$4,030                              | \$7,783               | \$805        | \$2,193  | \$2,998 | 2.5961   |
| 2010        | 11,773                          | 5,452                                | 6,321                 | 775          | 2,224    | 2,999   | 2.1077   |
| 2009        | 10,913                          | 5,176                                | 5,737                 |              | 2,224    | 2,224   | 2.5796   |
| 2008        | 10,299                          | 5,167                                | 5,132                 |              | 1,532    | 1,532   | 3.3499   |
| 2007        | 10,113                          | 6,734                                | 3,379                 |              |          |         |          |

<sup>5</sup> Amounts based on the notes to the basic financial statement, segment reporting.<sup>6</sup> Operating expenses excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

## Demographic and Economic Statistics

### Last Ten Fiscal Years

| <b>Fiscal Year</b> | <b>Population<sup>(1)</sup></b> | <b>Personal Income<br/>(thousands of dollars)</b> | <b>Per Capita Personal Income</b> | <b>Median Age<sup>(1)</sup></b> | <b>Education Level in Years of Schooling</b> | <b>School Enrollment</b> | <b>Orange County Unemployment Rate</b> |
|--------------------|---------------------------------|---|-----------------------------------|---------------------------------|--|--------------------------|--|
| <b>2011</b>        | 341,034                         | \$7,662,144                                       | \$22,467 <sup>(2)</sup>           | 32.4                            | 12.2   | 97,884                   | 9.20%                                  |
| <b>2010</b>        | 336,208                         | 7,333,705   | 21,813                            | 32.4                            | 12.2   | 68,331                   | 9.50%                                  |
| <b>2009</b>        | 332,120                         | 7,198,701   | 21,675                            | 32.4                            | 12.2   | 68,890                   | 9.30%                                  |
| <b>2008</b>        | 330,659                         | 7,467,272   | 22,583                            | 32.4                            | 12.2   | 68,663                   | 5.30%                                  |
| <b>2007</b>        | 329,780                         | 7,416,752   | 22,490                            | 32.4                            | 12.2   | 69,296                   | 3.90%                                  |
| <b>2006</b>        | 329,373                         | 7,351,605   | 22,320                            | 32.4                            | 12.2   | 70,793                   | 3.70%                                  |
| <b>2005</b>        | 331,458                         | 6,892,338   | 20,794                            | 32.4                            | 12.2   | 71,314                   | 3.90%                                  |
| <b>2004</b>        | 332,727                         | 6,943,347   | 20,868                            | 32.4                            | 12.2   | 71,637                   | 3.60%                                  |
| <b>2003</b>        | 331,350                         | 6,878,163   | 20,758                            | 32.4                            | 12.2   | 71,488                   | 4.00%                                  |
| <b>2002</b>        | 330,619                         | 6,732,395   | 20,363                            | 32.4                            | 12.2   | 70,651                   | 4.00%                                  |

<sup>(1)</sup> Population and Median age were updated to reflect Census 2010 counts.

<sup>(2)</sup> Per capita income for fiscal year 2011 is estimated, as data is not readily available.

Sources: California State Department of Finance  
 Anaheim City Superintendent of Schools  
 State of California, Employment Development Department  
 State Department of Commerce and Labor  
 State Department of Education  
 US Census Yearly American Community Survey

## Principal Employers Last Eight Fiscal Years

| Employer                                 | Fiscal Year |           |  |      |           |      |           |
|--|-------------|-----------|--|------|-----------|------|-----------|
|  | 2011        |           |  | 2010 |           | 2009 |           |
|  | Rank        | Employees | Percentage<br>of Total<br>City<br>Employment | Rank | Employees | Rank | Employees |
| Walt Disney Resort                       | 1           | 22,710    | 13.1%  | 1    | 22,660    | 1    | 20,050    |
| Kaiser Foundation Hospital               | 2           | 3,660     | 2.1%   | 2    | 3,660     | 2    | 3,660     |
| Northgate Gonzalez Supermarkets          | 3           | 1,900     | 1.1%   | 3    | 1,900     | 4    | 2,000     |
| Anaheim Memorial Hospital Medical Center | 4           | 1,200     | 0.7%   | 4    | 1,185     | 5    | 1,185     |
| Honda Center                             | 5           | 950       | 0.6%   | 6    | 1,000     | 7    | 1,000     |
| Hilton Anaheim                           | 6           | 905       | 0.5%   | 7    | 920       | 8    | 920       |
| Western Medical Center                   | 7           | 800       | 0.5%   |      |           |      |           |
| Times Warner Cable                       | 8           | 800       | 0.5%   |      |           |      |           |
| West Anaheim Medical Center              | 9           | 796       | 0.5%   | 8    | 774       | 9    | 774       |
| Anaheim Marriott Hotel                   | 10          | 730       | 0.4%   | 9    | 730       |      |           |
| Alstyle Apparel                          |             |           |  | 10   | 700       | 10   | 750       |
| Long Beach Mortgage                      |             |           |  |      |           |      |           |
| Boeing North America                     |             |           |  |      |           |      |           |
| Opal Concepts                            |             |           |  |      |           |      |           |
| Anaheim Sports Incorporated              |             |           |  |      |           |      |           |
| Aramark at Angels Stadium of Anaheim     |             |           |  |      |           |      |           |
| SBC Communications                       |             |           |  |      |           |      |           |
| Airport Bus                              |             |           |  |      |           | 3    | 2,000     |
| A T & T                                  |             |           |  | 5    | 1,000     | 6    | 1,000     |

Note: Statistics prior to fiscal year 2004 are not readily available.

Sources: California Employment Development Department  
Inside Prospects Database

(continued)

## Principal Employers Last Eight Fiscal Years

(continued)

|  | Fiscal Year |           |      |           |      |           |      |           |      |           |
|--|-------------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|
|  | 2008        |           | 2007 |           | 2006 |           | 2005 |           | 2004 |           |
| Employer                                 | Rank        | Employees | Rank | Employees | Rank | Employees | Rank | Employees | Rank | Employees |
| Walt Disney Resort                       | 1           | 20,050    | 1    | 22,470    | 1    | 23,105    | 1    | 21,350    | 1    | 22,650    |
| Kaiser Foundation Hospital               | 2           | 3,660     | 2    | 3,880     | 2    | 3,660     | 2    | 2,580     | 4    | 1,500     |
| Northgate Gonzalez Supermarkets          | 4           | 2,000     | 3    | 2,070     | 5    | 1,000     |      |           |      |           |
| Anaheim Memorial Hospital Medical Center | 5           | 1,185     | 4    | 1,212     | 7    | 979       | 5    | 1,185     | 6    | 1,185     |
| Honda Center                             | 6           | 1,000     | 6    | 1,000     | 6    | 1,000     |      |           |      |           |
| Hilton Anaheim                           | 7           | 920       | 7    | 950       | 8    |           | 6    | 960       | 7    | 1,000     |
| Western Medical Center                   |             |           |      |           |      |           |      |           |      |           |
| Times Warner Cable                       |             |           |      |           |      |           |      |           |      |           |
| West Anaheim Medical Center              | 10          | 774       | 10   | 774       | 10   | 774       | 8    | 774       |      |           |
| Anaheim Marriott Hotel                   |             |           |      |           |      |           |      |           |      |           |
| Alstyle Apparel                          | 9           | 750       | 5    | 1,000     | 4    | 1,600     | 7    | 875       | 8    | 1,000     |
| Long Beach Mortgage                      | 8           | 800       | 8    | 800       | 9    | 8,000     |      |           |      |           |
| Boeing North America                     |             |           |      |           | 3    | 3,500     | 4    | 1,750     | 2    | 3,500     |
| Opal Concepts                            |             |           |      |           |      |           | 3    | 2,000     | 3    | 2,000     |
| Anaheim Sports Incorporated              |             |           |      |           |      |           | 9    | 600       | 5    | 1,200     |
| Aramark at Angels Stadium of Anaheim     |             |           |      |           |      |           | 10   | 350       | 10   | 700       |
| SBC Communications                       |             |           | 9    | 775       |      |           |      |           | 9    | 700       |
| Airport Bus                              |             |           |      |           |      |           |      |           |      |           |
| A T & T                                  | 3           | 2,650     |      |           |      |           |      |           |      |           |

Note: Statistics prior to fiscal year 2004 are not readily available.

Sources: California Employment Development Department  
Inside Prospects Database

## Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

|                                      | Fiscal Year  |              |              |              |              |              |              |              |              |              |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      | 2011         | 2010         | 2009         | 2008         | 2007         | 2006         | 2005         | 2004         | 2003         | 2002         |
| <b>Function/Program</b>              |              |              |              |              |              |              |              |              |              |              |
| City Council                         | 7            | 7            | 7            | 7            | 7            | 7            | 7            | 7            | 7            | 7            |
| City Administration                  | 21           | 24           | 24           | 24           | 22           | 19           | 18           | 17           | 18           | 20           |
| City Attorney                        | 30           | 35           | 35           | 35           | 35           | 32           | 32           | 32           | 33           | 33           |
| City Clerk                           | 6            | 7            | 7            | 7            | 7            | 7            | 7            | 7            | 6            | 6            |
| Human Resources                      | 36           | 40           | 40           | 40           | 40           | 38           | 37           | 37           | 38           | 38           |
| Finance                              | 35           | 40           | 41           | 42           | 42           | 42           | 42           | 44           | 44           | 46           |
| City Treasurer                       | 12           | 12           | 12           | 12           | 12           | 12           | 12           | 12           | 12           | 12           |
| Police                               | 554          | 610          | 610          | 604          | 591          | 582          | 570          | 568          | 593          | 592          |
| Fire                                 | 277          | 289          | 289          | 290          | 290          | 288          | 285          | 285          | 288          | 288          |
| Community Development                | 105          | 106          | 109          | 108          | 114          | 120          | 119          | 112          | 111          | 110          |
| Planning                             | 75           | 93           | 94           | 97           | 96           | 95           | 96           | 96           | 97           | 91           |
| Public Works                         | 252          | 252          | 252          | 252          | 249          | 247          | 245          | 245          | 245          | 246          |
| Community Services                   | 123          | 180          | 183          | 184          | 183          | 183          | 179          | 188          | 192          | 195          |
| Public Utilities                     | 377          | 377          | 377          | 367          | 354          | 337          | 335          | 331          | 330          | 330          |
| Convention, Sports and Entertainment | 91           | 91           | 91           | 88           | 88           | 86           | 86           | 86           | 86           | 85           |
| <b>Total</b>                         | <u>2,001</u> | <u>2,163</u> | <u>2,171</u> | <u>2,157</u> | <u>2,130</u> | <u>2,095</u> | <u>2,070</u> | <u>2,067</u> | <u>2,100</u> | <u>2,099</u> |

Source: City of Anaheim

## Operating Indicators by Function Last Eight Fiscal Years

| Function/Program   | Fiscal Year |            |            |            |            |            |            |            |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|
|  | 2011        | 2010       | 2009       | 2008       | 2007       | 2006       | 2005       | 2004       |
| <b>Police Department</b>   |             |            |            |            |            |            |            |            |
| Number of calls for service  | 195,587     | 185,934    | 191,037    | 196,241    | 203,832    | 173,669    | 173,669    | 174,906    |
| Number of 911 calls received   | 165,698     | 140,529    | 129,998    | 125,174    | 134,938    | 103,586    | 92,710     | 89,723     |
| Number of Part I Crimes per 100,000 population                                     | 2,886       | 2,857      | 2,764      | 2,899      | 3,042      | 3,042      | 3,250      | 3,598      |
| Number of Arrest   | 13,345      | 17,650     | 15,951     | 16,212     | 14,135     |            |            |            |
| Number of Field Reports processed by Records Bureau                                | 35,807      | 35,256     | 37,999     | 40,232     | 43,000     | 54,401     | 62,842     | 64,382     |
| Number of traffic collisions   | 4,046       | 4,027      | 4,251      | 4,626      | 4,461      | 4,837      | 5,055      | 4,808      |
| Number of Hours of Volunteer service   | 20,335      | 18,038     | 16,201     | 16,820     | 15,654     |            |            |            |
| <b>Fire Department</b>   |             |            |            |            |            |            |            |            |
| Fire responses   | 983         | 1,275      | 1,016      | 1,082      | 649        | 687        | 519        | 590        |
| False alarm responses  | 1,487       | 1,467      | 1,503      | 1,398      | 719        | 678        | 581        | 579        |
| Mutual aid responses   | 2,707       | 2,560      | 2,532      | 2,662      | 2,296      | 2,271      | 2,530      | 2,441      |
| Medical responses  | 22,202      | 24,045     | 21,553     | 21,301     | 16,326     | 16,679     | 13,783     | 14,130     |
| Hazardous condition responses (spills, leaks, bomb removal, power line down, etc.) | 199         | 207        | 224        | 203        | 263        | 322        | 138        | 134        |
| <b>Public Works</b>  |             |            |            |            |            |            |            |            |
| Centerline miles of arterial highway pavement improved                             | 5.8         | 9          | 8.1        | 9.1        | 8.7        | 3.5        | 2.9        | 5.6        |
| Square feet of deteriorated pavement replaced                                      | 4,274,463   | 820,000    | 780,500    | 890,500    | 890,500    | 920,500    | 910,250    | 887,156    |
| Square feet of deteriorated pavement slurry sealed                                 | 4,167,569   | 1,975,000  | 2,532,000  | 3,483,000  | 3,483,000  | 3,522,000  | 4,175,500  | 2,704,599  |
| Number of traffic intersections maintained   | 319         | 318        | 318        | 316        | 316        | 308        | 15         | 298        |
| Number of traffic control hubs maintained  | 18          | 18         | 17         | 16         | 16         | 15         | 1          | 15         |
| Square feet of deteriorated sidewalk replaced                                      | 62,940      | 60,000     | 50,500     | 50,200     | 50,200     | 46,500     | 48,850     | 56,725     |
| Linear feet of damaged curb/gutter replaced  | 24,755      | 11,500     | 12,500     | 11,500     | 11,500     | 11,500     | 1,350      | 2,230      |
| Square feet of medians/parkways maintained   | 5,460,655   | 5,400,000  | 5,350,000  | 5,350,000  | 5,350,000  | 5,212,600  | 5,209,500  | 5,132,700  |
| Square feet of landscape maintained in the Anaheim Resort                          | 1,430,486   | 1,430,486  | 1,419,286  | 1,419,286  | 1,419,286  | 1,419,286  | 1,419,286  | 1,419,286  |
| Square feet of hardscape maintained in the Anaheim Resort                          | 1,001,743   | 858,828    | 858,828    | 858,828    | 858,828    | 858,828    | 858,828    | 858,828    |
| Number of vehicles maintained  | 1,162       | 1,331      | 1,331      | 1,351      | 1,283      | 1,273      | 1,273      | 1,283      |
| Number of vehicles per mechanic  | 47          | 50         | 55         | 59         | 48         | 50         | 50         | 54         |
| Square feet of interior space maintained   | 2,176,265   | 2,176,265  | 2,176,265  | 2,176,265  | 1,941,287  | 1,882,400  | 1,882,400  | 1,903,000  |
| Square feet of exterior space maintained   | 39,138,187  | 39,138,187 | 39,138,187 | 39,138,187 | 35,298,000 | 35,238,900 | 35,238,900 | 35,283,600 |
| Number of facility square feet (interior) per worker                               | 114,540     | 103,631    | 103,631    | 103,631    | 77,651     | 75,296     | 75,500     | 75,500     |
| Number of construction projects  | 136         | 130        | 130        | 132        | 167        | 158        | 130        | 192        |
| Number of permit inspections   | 355         | 800        | 800        | 802        | 1,623      | 1,567      | 1,659      | 1,717      |
| <b>Parks</b>   |             |            |            |            |            |            |            |            |
| Number of park acres maintained per full-time equivalent employee                  | 75          | 12         | 12.00      | 10.52      | 10.52      | 10.52      | 10.39      | 10.39      |
| Number of sports fields prepared   | 66          | 66         | 66         | 66         | 66         | 66         | 66         | 69         |
| Cost per acre of parks maintained.   | \$8,333     | \$9,651    | \$9,950    | \$10,699   | \$10,288   | \$9,960    | \$8,791    | \$9,144    |
| Cost per sports field maintained.  | \$4,261     | \$5,134    | \$5,134    | \$4,937    | \$4,747    | \$4,596    | \$4,828    | \$4,377    |

(continued)

## Operating Indicators by Function Last Eight Fiscal Years

(continued)

| Function/Program   | Fiscal Year |           |           |           |           |           |           |           |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  | 2011        | 2010      | 2009      | 2008      | 2007      | 2006      | 2005      | 2004      |
| <b>City Libraries</b>  |             |           |           |           |           |           |           |           |
| Computer assistance  | 115,475     | 150,318   | 156,716   | 95,068    | 37,725    |           |           |           |
| Total circulation - books                                      | 1,700,104   | 1,655,922 | 1,489,849 | 1,648,398 | 1,536,044 | 1,363,327 | 1,422,072 | 1,689,744 |
| Reference questions answered                                   | 115,766     | 102,557   | 98,026    | 80,564    | 87,318    | 67,663    | 93,964    | 151,379   |
| Information assistance   | 164,698     | 247,221   | 255,644   | 184,301   | 294,940   | 318,089   | 375,944   | 450,052   |
| Patrons (patron visits)  | 1,403,995   | 1,572,138 | 1,752,838 | 1,615,640 | 1,373,002 | 1,176,441 | 1,147,079 | 1,267,487 |
| Library cardholders  | 156,444     | 149,501   | 138,826   | 147,638   | 161,278   | 139,611   | 114,700   | 100,690   |
| Programs offered   | 3,927       | 3,991     | 4,777     | 4,410     | 3,923     | 2,740     | 3,559     | 3,572     |
| Program attendance   | 124,401     | 146,357   | 158,669   | 152,532   | 129,661   | 84,631    | 79,912    | 99,330    |
| Public internet sessions                                       | 279,564     | 328,901   | 369,463   | 323,645   | 257,089   | 227,005   | 206,569   | 201,739   |
| <b>Community Services Programs</b>                             |             |           |           |           |           |           |           |           |
| Number of youth program participants                           | 110,013     | 134,611   | 146,381   | 455,725   | 362,839   | 362,839   | 354,505   | 346,171   |
| Number of youth program participants in recreation classes     | 10,231      | 10,125    | 16,332    | 16,006    | 13,675    | 15,200    | 14,886    | 14,886    |
| Number of adult program sports teams                           | 908         | 885       | 875       | 840       | 756       | 812       | 820       | 639       |
| Number of park ranger contacts                                 | 232,132     | 187,000   | 208,176   | 161,038   | 140,000   | 139,773   | 88,935    | 132,633   |
| <b>Public Utilities Department</b>                             |             |           |           |           |           |           |           |           |
| Electric Utility:  |             |           |           |           |           |           |           |           |
| Number of meters   | 114,662     | 113,434   | 112,548   | 111,784   | 111,319   | 110,729   | 110,635   | 110,592   |
| Megawatt-hours - sales   | 2,976,014   | 3,344,188 | 3,208,123 | 2,979,396 | 3,233,508 | 3,223,728 | 3,090,382 | 3,282,236 |
| Megawatt-hours - purchased power                               | 2,737,174   | 3,085,358 | 2,836,962 | 2,978,800 | 2,780,318 | 2,606,275 | 2,459,836 | 2,603,955 |
| Megawatt-hours - owned generation                              | 431,027     | 410,784   | 435,835   | 301,021   | 696,563   | 929,787   | 936,471   | 974,395   |
| Water Utility:   |             |           |           |           |           |           |           |           |
| Number of meters   | 62,717      | 62,532    | 62,456    | 62,445    | 62,372    | 62,045    | 62,205    | 61,704    |
| Millions of gallons sold                                       | 19,526      | 20,492    | 22,238    | 23,154    | 24,075    | 22,887    | 22,550    | 23,881    |
| Millions of gallons purchased from Metropolitan Water District | 7,398       | 8,054     | 6,614     | 4,978     | 8,049     | 10,188    | 9,144     | 8,169     |
| Millions of gallons pumped from water system wells             | 13,399      | 14,669    | 17,034    | 18,961    | 16,844    | 13,580    | 14,244    | 16,784    |
| <b>Anaheim Convention Center</b>                               |             |           |           |           |           |           |           |           |
| Number of events serviced                                      | 200         | 232       | 310       | 339       | 347       | 337       | 310       | 262       |
| Number of attendees  | 935,000     | 944,000   | 917,000   | 1,008,359 | 1,098,000 | 1,002,000 | 1,202,000 | 992,000   |
| Percentage of occupancy  | 56.0 %      | 68.0%     | 56.0%     | 61.0%     | 70.0%     | 58.0%     | 66.0%     | 71.0%     |

Note: Statistics prior to fiscal year 2004 are not readily available.

Source: Various City Departments



## Capital Assets Statistics by Function

### Last Eight Fiscal Years

| Function/Program                         | Fiscal Year |        |       |       |       |       |       |       |
|--|-------------|--------|-------|-------|-------|-------|-------|-------|
|  | 2011        | 2010   | 2009  | 2008  | 2007  | 2006  | 2005  | 2004  |
| <b>Police Department</b>                 |             |        |       |       |       |       |       |       |
| Police Facilities                        | 10          | 10     | 10    | 9     | 8     | 6     | 4     | 4     |
| Motorized Equipment                      | 242         | 250    | 266   | 255   | 251   | 248   |       |       |
| Police Helicopters                       | 3           | 4      | 4     | 3     | 3     | 3     | 3     | 3     |
| Shooting Range                           | 1           | 1      | 1     | 1     | 1     | 1     | 1     |       |
| Communication/Radio Tower                | 1           | 1      | 1     | 1     | 1     | 1     | 1     | 1     |
| <b>Fire Department</b>                   |             |        |       |       |       |       |       |       |
| Fire stations                            | 11          | 11     | 11    | 11    | 11    | 10    | 10    | 10    |
| Training center                          | 1           | 1      | 1     | 1     | 1     | 1     | 1     | 1     |
| Fire trucks, engines, and other vehicles | 69          | 74     | 74    | 79    | 79    | 72    | 72    | 71    |
| <b>Public Works</b>                      |             |        |       |       |       |       |       |       |
| Streets (center lane miles)              | 578         | 588.2  | 633.2 | 633.2 | 633.2 | 633.2 | 588.2 | 588.2 |
| Traffic signals                          | 318         | 306    | 318   | 314   | 312   | 312   | 309   | 308   |
| Sewers (miles)                           | 570.44      | 569.6  | 568.3 | 565.7 | 561.5 | 560   | 560   | 560   |
| Storm Drains (miles)                     | 151.24      | 151.24 | 148   | 148   | 148   | 148   | 148   | 148   |
| <b>Park</b>                              |             |        |       |       |       |       |       |       |
| Community parks                          | 11          | 11     | 11    | 11    | 11    | 11    | 11    | 11    |
| Mini parks                               | 7           | 7      | 7     | 6     | 6     | 6     | 6     | 6     |
| Neighborhood parks                       | 21          | 21     | 21    | 20    | 20    | 20    | 21    | 21    |
| Special use parks                        | 6           | 6      | 6     | 6     | 6     | 6     | 6     | 6     |
| <b>City Libraries</b>                    |             |        |       |       |       |       |       |       |
| Branch libraries                         | 7           | 7      | 7     | 7     | 6     | 5     | 4     | 5     |
| Book mobiles                             | 1           | 2      | 2     | 2     | 2     | 2     | 1     | 1     |

(continued)

## Capital Assets Statistics by Function Last Eight Fiscal Years

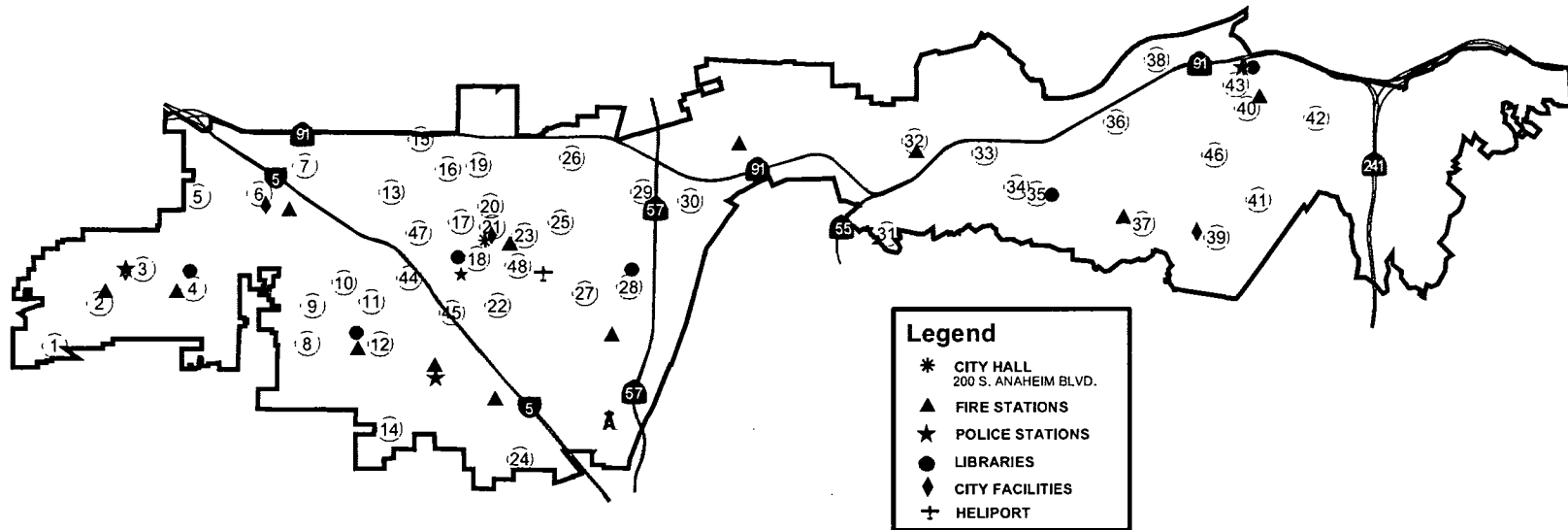
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| Function/Program                             | Fiscal Year |           |          |          |          |          |          |          |
|--|-------------|-----------|----------|----------|----------|----------|----------|----------|
|  | 2011        | 2010      | 2009     | 2008     | 2007     | 2006     | 2005     | 2004     |
| <b>Public Utilities Department</b>           |             |           |          |          |          |          |          |          |
| Electric Utility:                            |             |           |          |          |          |          |          |          |
| Transmission, 69kV, circuit miles            | 90          | 80        | 80       | 80       | 77       | 69       | 70       | 70       |
| Distribution, 12 kV and lower, circuit miles |             |           |          |          |          |          |          |          |
| Overhead                                     | 440         | 446       | 446      | 453      | 458      | 468      | 800      | 791      |
| Underground                                  | 658         | 617       | 625      | 615      | 582      | 564      | 620      | 612      |
| Water Utility:                               |             |           |          |          |          |          |          |          |
| Active wells                                 | 18          | 18        | 18       | 21       | 19       | 21       | 23       | 26       |
| Reservoirs                                   | 14          | 13        | 13       | 13       | 13       | 13       | 13       | 13       |
| Water Mains (miles)                          | 752         | 753       | 750      | 750      | 747      | 746      | 747      | 749      |
| Fire Hydrants                                | 7,802       | 7,805     | 7,751    | 7,749    | 7,730    | 7,720    | 7,848    | 7,818    |
| <b>Anaheim Convention Center</b>             |             |           |          |          |          |          |          |          |
| Square footage available                     | 1,130,000   | 1,130,000 | 1,130,00 | 1,130,00 | 1,130,00 | 1,130,00 | 1,130,00 | 1,130,00 |
| Number of exhibit halls                      | 5           | 5         | 5        | 5        | 5        | 5        | 5        | 5        |

Note: Statistics prior to fiscal year 2004 are not readily available.

Source: Various City Departments

# CITY OF ANAHEIM



## PARKS

- |  |  |  |   |   |
|--|--|--|---|---|
| 1. <b>HANSEN PARK</b><br>1300 S. Knott St.                   | 11. <b>WILLOW PARK</b><br>1625 W. Crone Ave.                     | 21. <b>COLONY SQUARE</b><br>210 E. Lincoln Ave.      | 31. <b>OLIVE HILLS PARK</b><br>4200 Nohl Ranch Rd.            | 41. <b>CANYON RIM PARK</b><br>7305 E. Canyon Rim Rd.    |
| 2. <b>REID PARK</b><br>3100 W. Orange Ave.                   | 12. <b>PALM LANE PARK</b><br>1595 Palais Rd.                     | 22. <b>WALNUT GROVE PARK</b><br>905 S. Anaheim Blvd. | 32. <b>RIVERDALE PARK</b><br>4545 E. Riverdale Ave.           | 42. <b>RONALD REAGAN PARK</b><br>945 S. Weir Canyon Rd. |
| 3. <b>SCHWEITZER PARK</b><br>238 S. Bel Air St.              | 13. <b>SAGE PARK</b><br>1313 Lido Pl.                            | 23. <b>CITRUS PARK</b><br>104 S. Atchison St.        | 33. <b>PERALTA CANYON PARK</b><br>115 N. Pinney Dr.           | 43. <b>ROOSEVELT PARK</b><br>8160 E. Bauer Rd.          |
| 4. <b>MAXWELL PARK</b><br>2660 W. Orange Ave.                | 14. <b>STODDARD PARK</b><br>901 S. Ninth St.                     | 24. <b>PONDEROSA PARK</b><br>2100 S. Haster St.      | 34. <b>PELANCONI PARK</b><br>222 S. Avenida Margarita         | 44. <b>ROSS PARK</b><br>1280 W. Santa Ana St.           |
| 5. <b>PETER MARSHALL PARK</b><br>801 N. Magnolia Ave.        | 15. <b>MANZANITA PARK</b><br>1260 Riviera St.                    | 25. <b>LINCOLN PARK</b><br>1440 E. Lincoln Ave.      | 35. <b>IMPERIAL PARK</b><br>450 S. Imperial Hwy.              | 45. <b>COTTONWOOD PARK</b><br>853 W. Cottonwood Cir.    |
| 6. <b>BROOKHURST COMMUNITY PARK</b><br>2271 W. Crescent Ave. | 16. <b>LA PALMA PARK &amp; STADIUM</b><br>1151 La Palma Park Way | 26. <b>EDISON PARK</b><br>1145 Baxter St.            | 36. <b>EUCALYPTUS PARK</b><br>100 N. Quintana Dr.             | 46. <b>DEER CANYON PARK</b><br>Mohler & Santa Ana Rd.   |
| 7. <b>JOHN MARSHALL PARK</b><br>2066 Falmouth Ave.           | 17. <b>PEARSON PARK</b><br>400 N. Harbor Blvd.                   | 27. <b>BOYSEN PARK</b><br>951 State College Blvd.    | 37. <b>OAK PARK</b><br>6400 E. Nohl Ranch Rd.                 | 47. <b>FOUNDERS' PARK</b><br>400 N. West St.            |
| 8. <b>MODJESKA PARK</b><br>1331 S. Nutwood St.               | 18. <b>LITTLE PEOPLES PARK</b><br>220 W. Elm St.                 | 28. <b>JUAREZ PARK</b><br>841 S. Sunkist St.         | 38. <b>YORBA REGIONAL PARK</b><br>7600 E. La Palma Ave.       | 48. <b>COLONY PARK</b><br>501 E. Water St.              |
| 9. <b>CLARA BARTON PARK</b><br>1926 Clearbrook Ln.           | 19. <b>JULIANNA PARK</b><br>309 E. Juliana St.                   | 29. <b>PIONEER PARK</b><br>2565 E. Underhill Ave.    | 39. <b>OAK CANYON NATURE CENTER</b><br>6700 Walnut Canyon Rd. |   |
| 10. <b>CHAPARRAL PARK</b><br>1770 E. Broadway                | 20. <b>GEORGE WASHINGTON PARK</b><br>250 E. Cypress St.          | 30. <b>RIO VISTA PARK</b><br>201 N. Parkvista St.    | 40. <b>SYCAMORE PARK</b><br>8268 Monte Vista Rd.              |   |