



CITY OF IRVINE, CALIFORNIA
**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

FOR FISCAL YEAR ENDED JUNE 30, 2017





City of Irvine

Incorporation:	December 28, 1971
Population:	267,086
Size:	66 square miles
Sphere of Influence:	74 square miles (approx.)



City of Irvine

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

TABLE OF CONTENTS	PAGE
 INTRODUCTORY SECTION	
Letter of Transmittal	1
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting	8
Irvine City Officials	9
Organizational Chart	10
 FINANCIAL SECTION	
Independent Auditors' Report	11
Management's Discussion and Analysis	14
 <i>Basic Financial Statements</i>	
Government-wide Financial Statements:	
Statement of Net Position	28
Statement of Activities	29
Fund Financial Statements:	
Balance Sheet – Governmental Funds	30
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	39
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Orange County Great Park	40
Statement of Net Position – Proprietary Funds	42
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	43
Statement of Cash Flows – Proprietary Funds	44
Statement of Fiduciary Net Position – Fiduciary Funds	46
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	47
 Notes to the Basic Financial Statements	 49
 <i>Required Supplementary Information</i>	
Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period - Defined Benefit Pension Plan for Sworn Employees	98

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

TABLE OF CONTENTS (CONTINUED) PAGE

FINANCIAL SECTION (CONTINUED)

Required Supplementary Information (continued)

Schedule of Plan Contributions – Defined Benefit Pension Plan for Sworn Employees	99
Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Periods - CalPERS Defined Benefit Pension Plan for Sworn Employees	100
Schedule of Plan Contributions – CalPERS Defined Benefit Pension Plan for Sworn Employees	101
Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Periods - CalPERS Defined Benefit Pension Plan for Miscellaneous Employees	102
Schedule of Plan Contributions – CalPERS Defined Benefit Pension Plan for Miscellaneous Employees	103
Schedules of Funding Progress – Other Post Employment Benefit Plan	104

SUPPLEMENTAL STATEMENTS AND SCHEDULES

Combining and Individual Fund Financial Statements and Schedules

Other Governmental Funds:	105
Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	107
Other Special Revenue Funds:	109
Combining Balance Sheet	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	114
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – County Sales Tax Measure M	118
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – State Gasoline Tax	119
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Systems Development	120
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Local Park Fees	121
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Slurry Seal Fees	122
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Maintenance District	123
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Air Quality Improvement	124
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Fees and Exactions	125

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

TABLE OF CONTENTS (CONTINUED)	PAGE
SUPPLEMENTAL STATEMENTS AND SCHEDULES (CONTINUED)	
<i>Combining and Individual Fund Financial Statements and Schedules (continued)</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Special Events	126
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Shuttle	127
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Irvine Community Land Trust	128
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Grants	129
Other Capital Projects Funds:	131
Combining Balance Sheet	132
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	133
Permanent Fund:	135
Balance Sheet	136
Statement of Revenues, Expenditures, and Changes in Fund Balances	137
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Senior Services	138
Internal Service Funds:	141
Combining Statement of Net Position	142
Combining Statement of Revenues, Expenses, and Changes in Net Position	143
Combining Statement of Cash Flows	144
Fiduciary Funds:	147
Combining Statement of Fiduciary Net Position – Pension and Employee Benefit Trust Funds	148
Combining Statement of Changes in Fiduciary Net Position – Pension and Employee Benefit Trust Funds	149
Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds	150
Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds	151
Combining Statement of Net Position – Agency Funds	152
Combining Statement of Changes in Assets and Liabilities – Agency Funds	158

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

TABLE OF CONTENTS (CONTINUED)	PAGE
STATISTICAL SECTION	167
Net Position by Component – Last Ten Fiscal Years	168
Changes in Net Position – Last Ten Fiscal Years	170
Fund Balances of Governmental Funds – Last Ten Fiscal Years	172
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	174
Taxable Sales by Category – Last Ten Fiscal Years	176
Tax Revenues by Source – Governmental Funds – Last Ten Fiscal Years	178
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	179
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	180
Principal Property Taxpayers – Current Year and Nine Years Ago	181
Property Tax Levies and Collections – Last Ten Fiscal Years	182
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	183
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	184
Schedule of Direct and Overlapping Bonded Debt	185
Legal Debt Margin – Last Ten Fiscal Years	186
Demographic and Economic Statistics – Last Ten Fiscal Years	188
Principal Employers – Current Year and Nine Years Ago	189
Budgeted Full-Time, Part-Time, and Non-Hourly Positions by Function – Last Ten Fiscal Years	190
Capital Assets Statistics – Last Ten Fiscal Years	191
Operating Indicators by Function – Last Ten Fiscal Years	192
Miscellaneous Statistical Information	194





November 6, 2017

To the Honorable Mayor, Councilmembers and Residents of the City of Irvine:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Irvine (City) for the fiscal year ended June 30, 2017. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report contains management's representations concerning the City's finances. Management assumes full responsibility for the completeness and reliability of all of the information presented and that it is reported in a manner that fairly presents the financial position and operations of the various funds and component units of the City. To provide a reasonable basis for making these representations, and assurance that the financial statements will be free from material misstatement, City management has established a comprehensive internal control framework designed both to protect its assets and to compile sufficient reliable information to prepare the City's financial statements in conformity with GAAP.

White Nelson Diehl Evans, LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance the City's financial statements for the fiscal year ended June 30, 2017 are free of material misstatement. The independent auditor concluded it was reasonable to render an unqualified opinion and that the City's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. Their report is presented as the first component of the financial section of this report.

In addition, White Nelson Diehl Evans, LLP audited the City's major program expenditures of federal funds for compliance with Title 2 of the United States Code of Federal Regulations Part 200 (Uniform Guidance), and the standards applicable to financial audits contained in Government Auditing Standards. The report of the Single Audit is published separately from this CAFR and may be obtained upon request from the City's Administrative Services Department.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

CITY OF IRVINE PROFILE

The City, incorporated in 1971, is located in Orange County, California, approximately 40 miles southeast of Los Angeles and six miles from the ocean. As one of the nation's largest master-planned communities, the City encompasses 66 square miles and is the largest city in square miles in Orange County. The City includes residential communities, commercial retail centers, several industrial and

office complexes, a 1,500-acre University of California campus, as well as civic, cultural, and recreational facilities. The City's residential population has grown from 10,081 in 1971 to 267,086 in 2017.

The City operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a four-member Council. The City Council is responsible, among other things, for passing the City's ordinances and operating resolutions, adoption of the annual budget, appointing commissions and committees, and hiring the City Manager, City Clerk, City Treasurer, and City Attorney. In November 2014, Measure W was approved amending the Irvine City Charter and setting lifetime term limits for City Council of two four-year terms and the office of mayor for two two-year terms. The City Manager is responsible for implementing the policies, ordinances, and directives of the City Council, overseeing the day-to-day operations of the City, and appointing the Assistant City Managers and the department directors. The City Council is elected on a nonpartisan basis. Councilmembers are elected to four-year staggered terms and the Mayor is elected to a two-year term.

The City provides a wide range of municipal services with core services consisting of public safety, infrastructure maintenance, financial support of our K-12 public schools, and preservation of the City's aesthetics and beauty. The City is proud of the life-affirming programs and services it provides to the City's youngest, oldest and most vulnerable populations. The City contracts with the Orange County Fire Authority for fire protection and emergency medical aid services. The Orange County Transportation Authority provides transit services in the City alongside the City's TRIPS transportation program. Other independent special districts provide educational, library, water and sewer services to Irvine residents.

The City is financially accountable for a number of legally separate entities that are included as part of the City's financial statements. These component units include a nonprofit public benefit entity, the Orange County Great Park Corporation; a nonprofit corporation, the Irvine Community Land Trust; and two entities: corporate public bodies created by the City for the construction, acquisition, maintenance, and improvements of public facilities and infrastructure within the City: the Irvine Public Facilities and Infrastructure Authority, and the Irvine Public Facilities Corporation.

The annual budget serves as the foundation for the City's financial planning and budgetary control. The City Council is required to adopt a budget by the start of the fiscal year. The budget is prepared by fund, program (e.g. senior services) and department (e.g. Community Services). After adoption, the City Manager may amend the adopted General Fund budget provided that the change does not decrease overall fund balance. Departmental requests for budget amendments for all funds, except the Great Park fund, over \$50,000, or amendments that decrease fund balance, or expand or add to City programs or services require review of the Finance Commission and approval by the City Council. The City's budgetary procedures are further discussed in section II.A. of the notes to the basic financial statements.

ECONOMIC CONDITION

Irvine is renowned as one of the largest, culturally diverse and successful master-planned communities in the nation. The City was recognized for its outstanding quality of life by the U.S. Conference of Mayors with a 2017 outstanding achievement award as one of the “Most Livable” cities in America. Irvine ranked 10th Best City to Live in America by Niche.com, Smart Asset ranked Irvine the 4th best City in America for working parents, WalletHub ranked Irvine the 3rd happiest City in the U.S., The Fiscal Times ranked Irvine #1 Major City in Fiscal Strength, Sunset Magazine ranked Irvine as one of

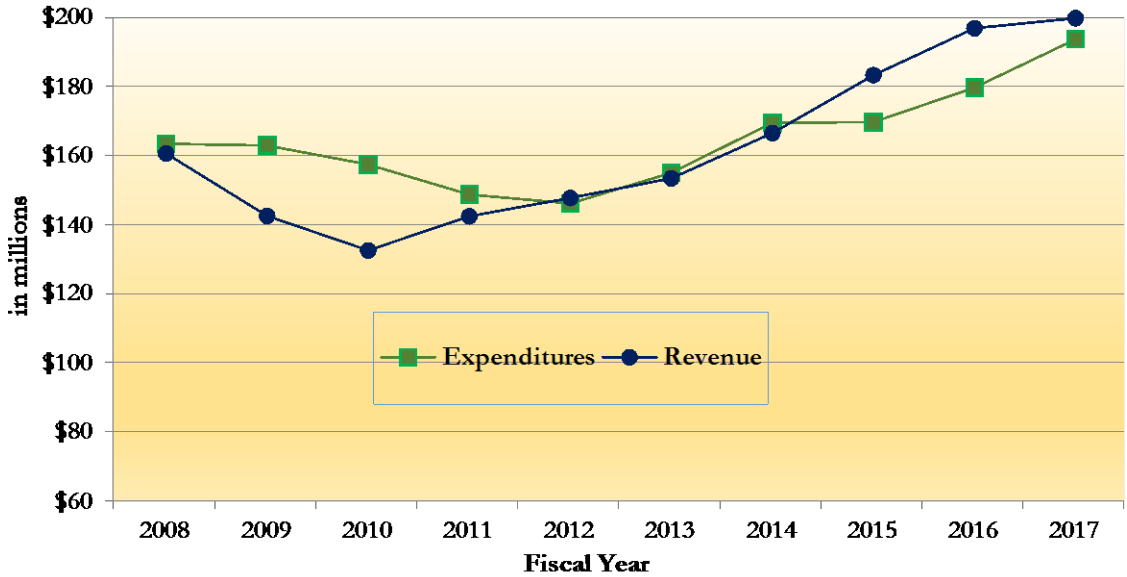
the “Best Places to Live 2017” in highlighting its “20 Western Dream Towns”, and the Trust for Public Land identified Irvine as having the 7th best park system in the United States. Based on the Federal Bureau of Investigations data for twelve consecutive years the City has had the lowest per capita violent crime rate in the nation with populations of more than 250,000 residents.

The economy continues to grow, but at a subdued rate. Economic indicators in Orange County such as employment, consumer confidence, housing starts and new hotels remain positive. The California Economic Development Department reports the Anaheim-Santa Ana-Irvine metropolitan division of Orange County gained a modest 900 nonfarm jobs during the fiscal year. The largest year-over-year job decline was in government, which was offset by construction and leisure and hospitality job growth. In June of 2016, Orange County had 1.59 million non-farm jobs, a record high, which fell to 1.52 million in June 2017. The unemployment rate remains the same as last year, 4.2 percent for the County and was even lower at 2.9 percent for Irvine at fiscal year-end. Residential building permits in the County gained 10.8 percent in 2016 and are expected to increase 4.0 percent in 2017.

Much of the credit for the City's success is attributable to the diverse local economy, talented workforce, mild climate and outstanding quality of life rendering Irvine an ideal location for business. The City continues to attract well-known technology and bioscience companies that choose Irvine as their corporate headquarters. Over 10,000 acres in the City are available for business uses and it is home to more than 25,000 businesses. Major commercial/industrial centers include: Irvine Business Complex, University Research Park, and the Irvine Spectrum.

Overall, the City's General Fund revenue for the Fiscal Year 2016-17 increased a modest 1.5 percent from the prior fiscal year. Expenditures increased by 7.2 percent. Chart 1 displays revenue and expenditure trends for the last 10 years.

Chart 1
City of Irvine
General Fund Revenue and Expenditures
Last Ten Years

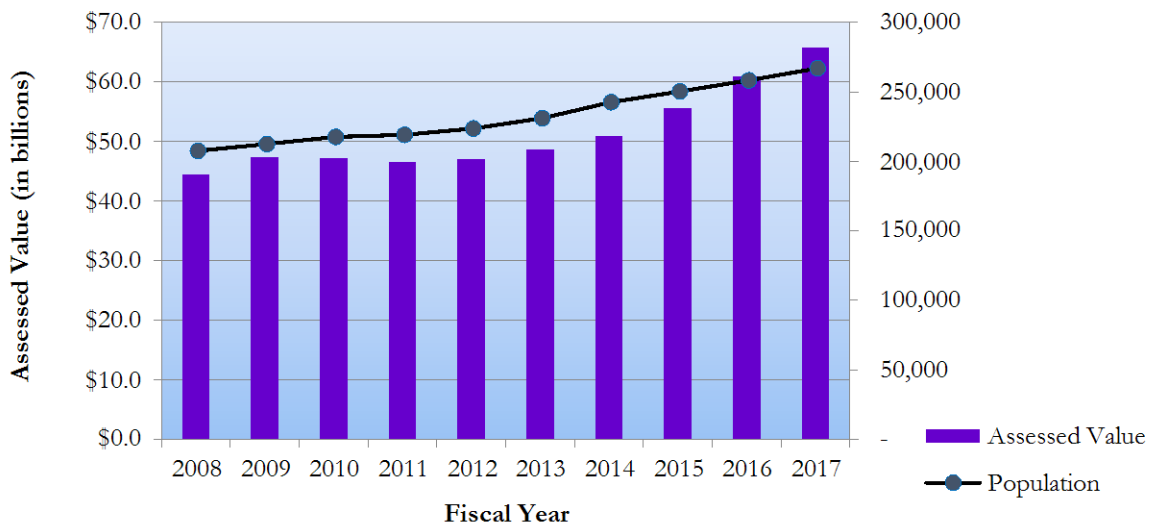


The last few years the City has prospered, realizing gains in all areas that impact economic growth. Recent economic conditions indicate a flattening of the economy with little to no growth projected in some areas next year. Sales tax is the City's largest General Fund revenue source with revenues of

\$63.1 million, a decrease of 3.9 percent over the prior fiscal year. Property tax is the City's second largest General fund revenue source with revenues of \$59.5 million, an increase of 7.7 percent over the prior fiscal year. In accordance with the slowing economy, hotel taxes are projected to remain flat, up 1.8 percent over the prior year. In total, General Fund revenues are forecasted to remain fairly flat, with a slight decrease of less than 1 percent, commiserate with the slowing economy especially in regards to sales and hotel taxes.

Since 2004, when the State swapped cities' motor vehicle license fee (VLF) allocations for additional property tax revenue, property taxes have become a more significant revenue source. Property tax growth reflects both new development and increasing property values in Irvine. In the Fiscal Year 2016-17, the City's assessed property value grew 8.0 percent to \$65.8 billion. In June, the Orange County Assessor reported Irvine's assessed property valuation will increase another 8.8 percent for the Fiscal Year 2017-18, leading the county with an assessed value of \$71.6 billion. Chart 2 compares the total assessed valuation of property located in Irvine against the annual population for the past 10 fiscal years. The City's population has climbed steadily over the last 10 years, surpassing 260,000 in 2017.

Chart 2
City of Irvine
Assessed Valuation and Population Trends
Last Ten Years



Major initiatives. The City effectively utilizes its resources to provide quality services to the community, grow its contingency reserve, and provide financial support to Irvine public schools through the “Support Our Schools Initiative”. The following strategic goals set priorities for City operations.

- Maintain essential services, including public safety, school support, community aesthetics, infrastructure, and human service programs;
- Increase the City's contingency reserve fund balance to 25 percent of General Fund adopted budget operating appropriations over the next two years;
- Hire additional police officers to maintain the City's high quality police services as the City grows;
- Fund infrastructure rehabilitation;
- Develop parks;

- Recruit and retain high quality employees;
- Continue replacing the existing countywide 800 MHz radio system in cooperation with the County of Orange;
- Develop new operational facilities to accommodate population, program, and infrastructure growth;
- Enhance citywide mobility; and
- Reduce the City's unfunded pension liability.

Long-term financial planning. The strategic business plan (SBP) is updated and adopted by the City Council annually as a component of the budget. It evaluates the City's financial capability to achieve its goals, helps set priorities for City operations and the annual budget, and guides the City's capital improvement and rehabilitation program. The SBP establishes the foundation and framework for guiding policy and financial management decisions. This long-term perspective integrates strategic planning and budgeting in order to forecast and identify challenges and opportunities before they arise.

The SBP projects five years into the future to provide a long-term operating budget projection for the City's General Fund revenues and expenditures. The purpose of the operating forecast is to prepare for the upcoming budget year and also to identify long-term financial trends and possible imbalances so the budget can be proactively addressed. The SBP also presents the five-year Capital Improvement Project program, the City's investment plan for infrastructure, which guides staff in pursuing funding for future projects.

In June 2013, the Irvine City Council adopted a 10-year plan to reduce its unfunded pension liability. The goal to attain a level of 98 percent pension funding within 10-years utilizes funds from the City's Asset Management Plan (AMP) to make accelerated payments. This plan leverages the City's AMP funding, earning slightly over 1 percent per year, to reduce its unfunded pension liability.

Financial policies. At the close of the Fiscal Year 2014-15, the City Council revised the Contingency Reserve policy upwards from a target level of 20 percent of General Fund adopted budget operating appropriations to 25 percent over three years. The minimum reserve of 3 percent remained unchanged. The contingency reserve may be used at the discretion of the City Council to provide resources during temporary decreases in revenues, in the event of an economic downturn while expenditure reductions are implemented, or to provide resources to meet emergency expenditures in the case of flood, fire, earthquake, landslides, or other natural disasters. At June 30, 2017, the fund balance is \$41.0 million meeting the second year goal of 23.6 percent. Of that amount, \$5.4 million has been set aside as the 3 percent minimum reserve.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the 38th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published a CAFR that goes beyond the minimum requirement of GAAP and demonstrates the spirit of transparency and full disclosure that ensures users of the financial statements have the necessary information to assess the City's financial health. A Certificate of Achievement is valid for one year only and management believes that the current CAFR continues to meet the program's requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

The City's Budget Office also received the GFOA Distinguished Budget Presentation Award for its Fiscal Year 2015-16 budget document. The Distinguished Budget Presentation Award judges a government's budget document for compliance with the guidelines established by the National Advisory Council on State and Local Budgeting and best practices of the GFOA.

The CAFR reflects the hard work, talent and commitment of the Fiscal Services Division staff. This document could not have been accomplished without their efforts and we express our appreciation to all members of the division who assisted and contributed to the preparation of the CAFR. Appreciation is also expressed to the Finance Commission, Investment Advisory Committee, Budget Office and City departments for their support of the financial operations of the City during this fiscal year and to the Mayor and Councilmembers for their steadfastness in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "K. Griffith". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

Kristin Griffith
Director of Administrative Services





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Irvine
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

IRVINE CITY OFFICIALS

June 30, 2017



DONALD P. WAGNER
Mayor



LYNN SCHOTT
Mayor Pro Tem



MELISSA FOX
Councilmember



JEFFREY LALLOWAY
Councilmember

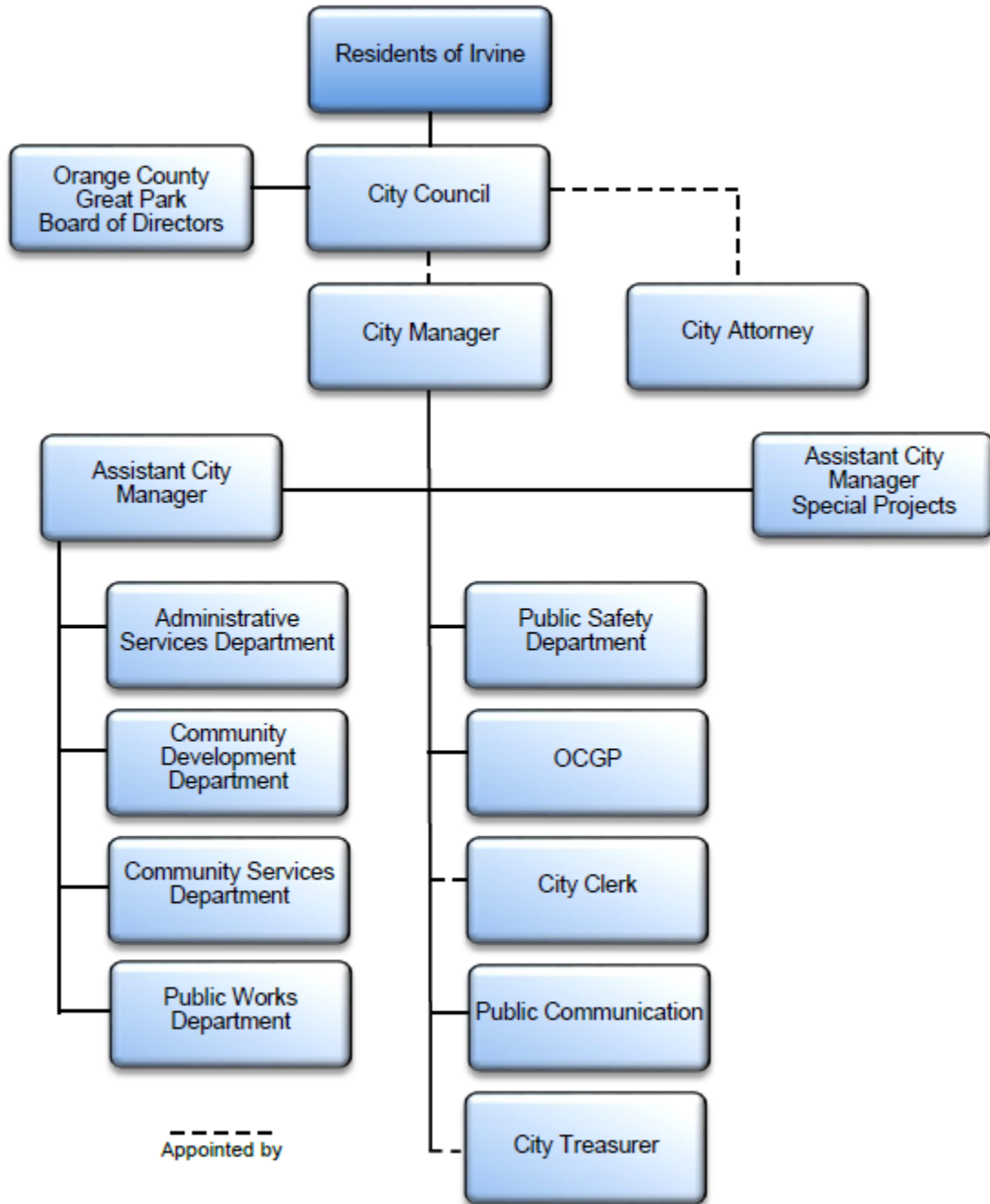


CHRISTINA SHEA
Councilwoman

City Manager • Sean Joyce

Assistant City Manager.....	Grace Leung
Assistant City Manager.....	Sharon Landers
City Attorney.....	Jeff Melching
City Clerk.....	Molly McLaughlin
Director of Administrative Services.....	Kristin Griffith
Director of Community Development.....	Susan Emery
Director of Community Services.....	Laurie Hoffman
Director of Orange County Great Park.....	Pete Carmichael
Director of Public Affairs & Communications.....	Craig Reem
Director of Public Safety.....	Mike Hamel
Director of Public Works.....	Manuel Gomez

City of Irvine Organizational Chart June 30, 2017





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Irvine Community Land Trust, a component unit of the City, which represent 5.4%, 8.8%, and 1.7%, respectively, of the assets, fund balance/net position, and revenues of the aggregate remaining fund information opinion unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Irvine Community Land Trust, is based solely on the report of the other auditors. The financial statements of the Irvine Community Land Trust were not auditing in accordance with *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditors' Responsibility (Continued)

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Irvine as of June 30, 2017, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Orange County Great Park special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note III H to the financial statements, the beginning net position of the governmental activities and the beginning fund balance of the Capital Improvement Projects Fund were restated. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, the schedules of plan contributions, and the schedule of funding progress - other post-employment benefits plan, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of the City of Irvine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Irvine's internal control over financial reporting and compliance.

White Nelson Dickel Evans LLP

Irvine, California
October 31, 2017

City of Irvine

Management's Discussion and Analysis

As management of the City of Irvine (City), California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. 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 with the City's financial statements, which follow this discussion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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 designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, changes in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements present information about the functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government, public safety, public works, community services, and community development.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate entities: the Orange County Great Park Corporation and the Irvine Community Land Trust. The City is financially accountable for these entities and financial information for these *blended component units* is reported within the financial information presented for the primary government itself. Financial information for two other blended component units, the Irvine Public Facilities Corporation and the Irvine Public Facility Infrastructure Authority, is also included with the activities of the primary government, although no governmental activity has occurred in these funds. The government-wide financial statements immediately follow this discussion and analysis.

Fund financial statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental 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, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *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 fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provides a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City maintains various 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, Orange County Great Park Fund, Orange County Great Park Development Fund, Assessment Districts Fund, Capital Improvement Projects Fund, and the Community Facilities Districts Fund; all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic financial statements also include budgetary comparison statements for the General Fund and Orange County Great Park Fund to demonstrate compliance with the annual budget as adopted and amended.

The basic governmental fund financial statements immediately follow the government-wide financial statements.

Proprietary funds. The City maintains various *internal service funds*. 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 self-insurance activities, vehicle fleet operations, miscellaneous equipment maintenance, duplication, telecommunications services, and information technology systems. Because these services benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

The *internal service funds* are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements immediately follow the basic governmental fund financial statements.

Fiduciary funds. Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statement because the resources of those funds are *not* available to support the City's programs. The basic fiduciary fund financial statements immediately follow the basic proprietary fund financial statements.

Notes to the basic financial statements

The notes to the basic financial statements 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 basic financial statements immediately follows the basic fiduciary fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's annual required contribution to the Defined Benefit Pension Plans, and Other Post Employment Benefit Plan. Required supplementary information immediately follow the notes to the basic financial statements.

The combining statements referred to earlier in connection with other governmental funds and internal service funds for Other Special Revenue Funds, Other Capital Projects Funds, Permanent Fund, Internal Service Funds, and Fiduciary Funds. These combining and individual fund statements and schedules immediately follow the required supplementary information.

The *blended component units* referred to earlier in connection with the government-wide financial statements, although legally separate, function at the discretion and direction of the City's management. Their financial position and results of operations, therefore, have been included as an integral part of the primary government, and are presented in the fund financial statements.

[Balance of page intentionally left blank]

Financial Highlights

- At the fiscal year ended June 30, 2017, the government's total net position increased by \$104.43 million. The primary reason for the increase is the additional revenue received from various community facilities districts (CFD). The City received \$137.23 million in contributions from the CFDs. This funding is restricted and can only be used for construction of infrastructure within the CFD.
- As of June 30, 2017, the City's governmental funds reported a combined ending fund balance of \$1.09 billion, an increase of \$78.84 million in comparison with the prior year. Revenues and expenditures both increased during the fiscal year, but revenues increased at a faster pace than expenditures. The largest increase \$59.53 million in special district contributions are restricted for the construction of infrastructure within the various CFDs.
- At June 30, 2017, committed, assigned, and unassigned fund balance for the general fund was \$124.19 million or 64 percent of total general fund expenditures. This represents an increase of \$4.22 million or 3 percent, from the prior year. The City Council has designated all of the committed and assigned fund balance for specified purposes, in accordance with City policies and budgetary guidelines. The unassigned fund balance which is unrestricted, is anticipated to be designated by City Council at a future City Council meeting.
- The City's total long-term liabilities increased by \$31.27 million during the current fiscal year. The majority of the increase, \$29.55 million, is due to pension liabilities.

Government-wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

The largest portion of the City's net position, 61 percent, reflects its net investment in capital assets (e.g., land, buildings and systems, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the City's investment in its 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.

[Balance of page intentionally left blank]

City of Irvine
Summary of Net Position
June 30, 2017 and 2016
(amounts expressed in thousands)

	Governmental	
	Activities	
	2017	As restated 2016
Assets		
Current and other assets	\$1,201,533	\$1,110,206
Capital assets	1,601,315	1,579,072
Total Assets	2,802,848	2,689,278
Deferred Outflow of Resources		
Pension related items	59,295	28,897
Liabilities		
Other liabilities	73,337	59,646
Long-term liabilities	163,671	131,999
Total Liabilities	237,008	191,645
Deferred Inflows of Resources		
Pension related items	6,348	12,172
Net Positions		
Net investment in capital assets	1,601,315	1,579,072
Restricted	583,855	500,891
Unrestricted	433,617	434,395
Total Net Positions	\$2,618,787	\$2,514,358

During the fiscal year ended June 30, 2017, the net position of the City increased to \$2.62 billion, of which \$1.60 billion was the net invested in capital assets such as equipment, buildings and infrastructure. Of the remaining total, \$583.86 million, which is an increase of \$83.38 million over the previous fiscal year, is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties. The City received an increase of restricted funding from various community facilities districts for future infrastructure construction and Quimby fees from developers for future park development. The remaining \$433.62 million is unrestricted but subject to designation for specific purposes as approved by the City Council. Some of the City Council's significant designations are park development and the City's infrastructure such as streets, roads and signals.

City of Irvine
Summary of Change in Net Position
For the Years Ended June 30, 2017 and 2016
(amounts expressed in thousands)

	Governmental Activities	
	2017	As restated 2016
Revenues		
Program revenues:		
Charges for services	\$ 91,735	\$ 81,358
Operating grants and contributions	26,790	29,738
Capital grants and contributions	170,654	149,678
General revenues:		
Property taxes	62,374	57,944
Sales taxes	61,617	62,120
Investment revenue	2,500	5,779
Other taxes	33,687	33,799
Other revenues	(249)	926
Total Revenues	<u>449,108</u>	<u>421,342</u>
Expenses		
General Government	35,862	29,152
Public Safety	71,836	63,878
Public Works	106,478	91,387
Community Services	40,231	37,152
Community Development	34,743	27,943
Unallocated infrastructure depreciation	55,529	51,423
Total Expenses	<u>344,679</u>	<u>300,935</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Extraordinary Items	104,429	120,407
Extraordinary Gain (Loss)	-	(7,781)
Special item	-	99
Change in Net Positions	104,429	112,725
Beginning Net Positions, as restated	<u>2,514,358</u>	<u>2,401,633</u>
Ending Net Positions	<u><u>\$ 2,618,787</u></u>	<u><u>\$ 2,514,358</u></u>

Overall, Citywide revenues for the fiscal year ended June 30, 2017, increased by \$27.77 million, a 7 percent increase from the prior year. The most significant increases were within program revenues, specifically in the category of charges for services, and capital grants and contributions.

- Charges for services increased \$10.38 million or 13 percent over the previous fiscal year. Due to the increase in development in certain areas of the City, developer-related fees and property owner assessments have increased \$5.40 million. The City also received a one-time payment from the County of Orange of \$3 million for landfill impacts.
- Capital grants and contributions increased 25 percent over the previous year to \$170.65 million. This increase is attributable to the additional revenue received from the various community facilities districts. This funding is restricted for the construction of infrastructure within the community facility district areas.

General revenues were relatively flat compared to the prior fiscal year. All general revenues except property tax experienced a slight decrease from the prior fiscal year. Property tax and property values experienced an 8 percent increase over the previous fiscal year due to the increase in development.

Total expenses increased \$43.74 million, a 15 percent increase from the prior year. All City departments experienced an increase in expenses. Public Works and Public Safety experienced the largest increases of \$15.09 million and \$7.96 million, respectively.

- Public Works is entrusted with developing, building and maintaining public infrastructure and facilities. This fiscal year many rehabilitation capital projects were completed. These projects are ineligible for capitalization and increased Public Works expenses by approximately \$15.00 million.
- Public Safety provides for the public's safety within the City's residential communities, commercial and industrial centers, and recreational and open space area. Department expenses increased by \$7.96 million. The increase is a result of an expansion in sworn personnel to service the new developments within the City, pension costs and the corresponding rise in net pension liability, and participation in a countywide upgrade of the 800 MHZ radio system.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements.

As of June 30, 2017, the City's governmental funds reported total combined ending fund balances of \$1.09 billion, an increase of \$78.84 million from the prior year. Approximately 46 percent of the City's governmental funds ending fund balances, or \$496.70 million, constitutes *committed, assigned, and unassigned fund balance*, which is available for spending at the government's discretion within the guidelines of the funding sources. The remaining fund balance, \$588.77 million, is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation.

The nonspendable total of \$0.52 million consists of \$0.02 million of prepaid expenditures and a senior citizens services program endowment of \$0.50 million. The remaining restricted funds totaling \$588.25 million are comprised of \$529.67 million for capital improvement projects, circulation improvements, development activities, and maintenance, \$47.47 million for low-income housing, \$5.49 million for public education, \$0.82 million for public transportation, \$2.86 million for law enforcement purposes, \$0.63 million for air quality improvement activities, \$0.57 million for animal care, and \$0.74 million for senior, public and community service activities.

General Fund Financial Highlights

The general fund is the chief operating fund of the City. At June 30, 2017, committed, assigned, and unassigned fund balance of the general fund was \$124.19 million, while total fund balance was \$126.97 million. As a measure of the general fund's liquidity, it is useful to compare committed, assigned and unassigned fund balance to total fund expenditures. Committed, assigned, and unassigned fund balance represents 64 percent of the total general fund expenditures. The City Council has designated all of the committed and assigned for specified purposes.

For the fiscal year ended June 30, 2017, the cash and investments balance in the General Fund was \$135.65 million, a increase of \$8.65 million from the prior fiscal year.

City of Irvine
Summary of Change in Fund Balances - General Fund
For the Year Ended June 30, 2017 and 2016
(amounts expressed in thousands)

	<u>2017</u>	<u>2016</u>
Revenues		
Taxes:		
Property	\$ 59,470	\$ 55,205
Sales	63,063	65,620
Other	28,957	29,248
Total Taxes	<u>151,490</u>	<u>150,073</u>
Charges for services	32,934	28,844
Intergovernmental	506	831
Investment revenue	657	2,059
Other	14,267	15,136
Total Revenues	<u>199,854</u>	<u>196,943</u>
Expenditures		
General Government	30,198	26,007
Public Safety	70,708	67,350
Public Works	28,932	26,657
Community Development	28,123	25,283
Community Services	35,765	34,468
Total Expenditures	<u>193,726</u>	<u>179,765</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,128</u>	<u>17,178</u>
Proceeds from sale of property	21	58
Net transfers	(7,418)	(9,329)
Extraordinary gain/(loss)	<u>-</u>	<u>(6,568)</u>
Net Change in Fund Balance	<u>\$ (1,269)</u>	<u>\$ 1,339</u>

Overall, General Fund revenues for the fiscal year ended June 30, 2017, increased by \$2.91 million, or a little over 1 percent, over the prior year. Total taxes were relatively flat from the prior fiscal year but charges for services experienced a 14 percent increase. A majority of this increase is due to a one-time payment of \$3 million from the County of Orange for landfill impacts on the City. The remaining increase is attributable to the growing development in the City, with plan check and related development fees increasing.

Total General Fund expenditures increased by \$13.96 million, or 8 percent, from the prior year. Changes in expenditures, by function, occurred as follows during the fiscal year ended June 30, 2017.

- General Government expenditures increased by \$4.19 million to \$30.20 million. Approximately half of the increase, \$2 million, is due to an additional payment made towards the City's unfunded pension liability. In fiscal year 2015-16, the City made a \$5 million payment towards the unfunded pension liability. In the Fiscal Year 2016-17, the unfunded pension liability payment was increased to \$7 million. The remainder of the increase is a combination of operational costs for personnel, upgrading department technology and consultant services for sales tax analysis.
- Public Safety expenditures increased by \$3.36 million to \$70.71 million. The increase is a result of an expansion in sworn personnel to service the new developments within the City and participation in a countywide upgrade in the police radio systems.
- Public Works expenditures increased by \$2.28 million to \$28.93 million. The department develops, builds and maintains the City's infrastructure and facilities. The Landscape Maintenance division had an increase of \$1.00 million in contract services. Most of the increase is contracts to provide landscape services to the City. As the City continues to grow and new streets and parks are developed, the City is responsible for the landscape maintenance. The expansion of the areas to maintain the landscaping and rise in contract pricing are the source of this increase. A new division was also transferred to the department, Environmental Programs, with expenditures of \$0.72 million. In addition, personnel costs grew due to an approved cost of living increase.
- Community Development expenditures increased by \$2.84 million to \$28.12 million. The department focuses on the planning of the City's residential communities and commercial industrial centers, as well as ensuring all construction complies with building codes. The department's expenditures trend with the flow of development. Personnel costs increased by \$1.28 million due to additional staff and a cost of living increase. Additionally, services provided by outside consultants to aid the department in development review, plan check and inspection services created a majority of the remaining expenditure increase.
- Community Services expenditures increased by \$1.30 million to \$35.77 million. This department oversees the programs at the City's various park and facilities, and offers resources and activities that support and assist children, youth, and families. The department's increase from the prior year expenditures is within personnel costs and supplies. There was an increase in full-time staff to support the community parks, child, youth, and family services, and senior services. The City parks and facilities have grown with the increase in department. Additional part-time personnel were hired to meet the demands at these new facilities and programs.

General Fund Budgetary Highlights

Differences between the General Fund original budget expenditures and the final amended budget were \$3.93 million and are briefly summarized as follows:

Increases (Decreases) for activities:

- \$2.68 million for General Government.
- \$0.57 million for Public Works.
- \$0.54 million for Community Development.
- \$0.16 million for Public Safety.
- (\$0.02) million for Community Services.

In each of the functional expenditure categories, actual expenditures were less than final budgeted amounts, totaling \$204.43 million and \$208.37 million, respectively. Additionally, for the fiscal year ended June 30, 2017, revenues received were less than budgetary estimates, at \$214.01 million and \$214.08 million, respectively. Revenues received exceeded operating expenditures by \$6.13 million. In addition, there was a \$0.21 million sale of city property and net transfers to other funds of \$7.42 million. Overall, \$1.27 million was eliminated from ending fund balance bringing the fund balance at year end to \$126.97 million.

Financial Analysis of the Other Major Funds

The Orange County Great Park Fund accounts for transactions relating to the development and operations of the Orange County Great Park located on the site of the former Marine Corps Air Station (MCAS) at El Toro. Current year revenues totaled \$20.28 million of which \$8.52 million was received from developers and \$9.20 million from property owners within certain special districts. Current year expenditures were \$9.65 million for the development and operations of the Orange County Great Park. The ending fund balance is a combination of \$18.09 million of restricted funding and \$301.33 million of committed and assigned funding to be utilized for the operation, maintenance and future development of the Orange County Great Park.

Orange County Great Park Development Fund accounts for expenditures related to the planning, design, demolition and construction of the Orange County Great Park. Current year expenditures were \$3.72 million. Funding for these efforts is transferred from the Orange County Great Park Fund. The ending fund balance of \$3.95 million is assigned to the purposes of this fund. Much of the development of the Orange County Great Park during the 2016-17 fiscal year was completed by a developer through an agreement with the City. The developer is constructing 677 acres of the Orange County Great Park.

The Assessment Districts Fund accounts for the 1915 Improvement Bond Act bond proceeds to fund major road and drainage improvements throughout the City. Capital outlay was \$33.43 million for improvements related to new development in the City. The ending fund balance of \$111.97 million is restricted for future construction of these projects.

The Capital Improvement Projects Fund accounts for street, bridge, traffic signals and other circulation related capital projects funded by grants, fees, gas tax, sales tax and interest revenue. Fund balance increased by \$10.76 million as a result of funding sources exceeding the \$7.40 million of capital expenditures. The ending fund balance of \$30.00 million is committed to future circulation construction improvements.

Community Facilities Districts Fund accounts for infrastructure improvements associated with Columbus Grove, Central Park and Great Park. Revenues are primarily from Community Facilities Districts contributions and expenditures are primarily for capital outlay. During the year, \$138.33 million in revenues were received and \$70.44 million was expended. The ending fund balance of \$87.69 million is restricted for purposes of this fund.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$1.60 billion net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, park facilities, roads, highways, trails and bridges. The total increase over prior fiscal year in the City's investment in capital assets was \$22.24 million, or a 1.41 percent increase.

City of Irvine Summary of Change in Capital Assets For the Year Ended June 30, 2017 (amounts expressed in thousands)

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities:				
Capital assets, not being depreciated:				
Land, as restated	\$ 657,122	\$ 444	\$ -	\$ 657,566
Construction in progress	71,629	20,681	55,564	36,746
Total capital assets not being depreciated, as restated	<u>728,751</u>	<u>21,125</u>	<u>55,564</u>	<u>694,312</u>
Capital assets, being depreciated:				
Buildings and systems	139,311	-	-	139,311
Improvements other than buildings	138,312	55,577	-	193,889
Machinery and equipment	35,534	3,291	2,782	36,043
Infrastructure	1,566,786	68,774	-	1,635,560
Total capital assets being depreciated	<u>1,879,943</u>	<u>127,642</u>	<u>2,782</u>	<u>2,004,803</u>
Less accumulated depreciation for:				
Buildings and systems	(59,607)	(3,676)	-	(63,283)
Improvements other than buildings	(69,887)	(7,978)	-	(77,865)
Machinery and equipment	(24,151)	(3,110)	(2,116)	(25,145)
Infrastructure	(875,977)	(55,530)	-	(931,507)
Total accumulated depreciation	<u>(1,029,622)</u>	<u>(70,294)</u>	<u>(2,116)</u>	<u>(1,097,800)</u>
Total capital assets, being depreciated, net	<u>850,321</u>	<u>57,348</u>	<u>666</u>	<u>907,003</u>
Governmental activities capital assets, net	<u>\$ 1,579,072</u>	<u>\$ 78,473</u>	<u>\$ 56,230</u>	<u>\$ 1,601,315</u>

Major capital asset transactions during the current fiscal year included the following:

- Infrastructure additions were \$68.77 million. Street additions accounted for \$58.78 million, traffic signal additions totaled \$3.38 million, bridge additions totaled \$0.02 million, trail additions totaled \$0.62 million, and landscaping additions were \$5.97 million.
- Machinery and equipment acquisitions of \$3.29 million included vehicles, computer hardware, computer software, and other types of machinery and equipment.
- Improvements other than buildings were \$55.58 million which includes \$51.13 million of improvements completed at the Orange County Great Park.

Additional information on the City's capital assets can be found under Section III. B. entitled "Capital Assets" of the Notes to the Basic Financial Statements section of this report.

Long-term Liabilities

Total outstanding long-term liability at June 30, 2017, is \$171.02 million, an increase of \$31.27 million from the prior year. The net pension liability is 82 percent of the total outstanding balance.

City of Irvine
Summary of Change in Long-Term Liabilities
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	Balance			Balance		
	June 30, 2016	Increases	Decreases	June 30, 2017	Long-Term	Due Within One Year
Compensated absences	\$ 12,238	\$ 4,824	\$ 3,763	\$ 13,299	\$ 9,684	\$ 3,615
Claims payable	14,570	3,724	3,158	15,136	11,407	3,729
Net OPEB	1,755	540	445	1,850	1,850	-
Net Pension	111,180	63,573	34,023	140,730	140,730	-
Total Long-Term Liabilities	<u>\$ 139,743</u>	<u>\$ 72,661</u>	<u>\$ 41,389</u>	<u>\$ 171,015</u>	<u>\$ 163,671</u>	<u>\$ 7,344</u>

Long-term liability-related events during the fiscal year ended June 30, 2017, included:

- Compensated absences liabilities increased by \$4.82 million and payouts to employees upon termination amounted to \$3.76 million or a net increase of \$1.06 million.
- A net increase to claims payable of \$0.57 million to adjust for possible future general liability and workers' compensation claims.
- An increase of \$0.95 million in net Other Post Employment Benefit liability accounts for the possible future expense of the City's implicit subsidy for retiree health care.
- Net pension liabilities increased by \$29.55 million to adjust for the future pension benefits.

Additional information on the City's long-term liability can be found under Section III. E. entitled "Changes in Long-term Liabilities" of the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The City's economy is linked to the national and state economy. However, because the City is still developing, its local economy can experience departures from other local, state or national trends with resultant recurring revenue fluctuations. Additionally, because the City's revenues are obtained from a limited number of sources, further revenue fluctuations may occur from year to year. To develop its budget model, the City uses the "Orange County Economic Forecast" prepared by Chapman University's Center for Economic Research, the UCLA Anderson Forecast, and the California State University at Fullerton Mihaylo College of Business and Economics as well as projections provided by City consultants. Detailed information about the economic analysis, revenue assumptions, and other budgetary process parameters utilized in the annual budget preparation, can be obtained from the City's fiscal year 2016-17 citywide budget, available through the Administrative Services Department.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Manager of Fiscal Services, One Civic Center Plaza, Post Office Box 19575, Irvine, CA 92623-9575.

[Balance of page intentionally left blank]

BASIC FINANCIAL STATEMENTS



City of Irvine
Statement of Net Position
June 30, 2017
(amount expressed in thousands)

	Governmental Activities
ASSETS	
Cash and investments	\$ 870,779
Receivables, net of allowances:	
Taxes	16,217
Accounts	6,233
Accrued interest	5,319
Escrow deposits	3,183
Prepaid items	292
Inventories	95
Advances to the Successor Agency	259,691
Due from other governments	5,800
Due from developers	23,643
Long-term notes receivable, net of allowances	10,281
Capital assets, not being depreciated:	
Land	657,566
Construction in progress	36,746
Capital assets, net of accumulated depreciation:	
Buildings and systems	76,028
Improvements other than buildings	116,024
Machinery and equipment	10,898
Infrastructure	704,053
Total Assets	2,802,848
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	59,295
Total Deferred Outflows of Resources	59,295
LIABILITIES	
Accounts payable	18,374
Accrued liabilities	29,697
Due to other governments	143
Deposits	9,678
Retentions payable	537
Unearned revenue	7,564
Noncurrent liabilities:	
Due within one year	7,344
Due in more than one year	163,671
Total Liabilities	237,008
DEFERRED INFLOWS OF RESOURCES	
Pension related items	6,348
Total Deferred Inflows of Resources	6,348
NET POSITION	
Net investment in capital assets	1,601,315
Restricted:	
Expendable:	
Assessment infrastructure and capital improvements	515,102
Housing programs	56,976
Public safety programs	2,938
Other programs and activities	8,341
Nonexpendable:	
Senior Services Fund program	498
Unrestricted	433,617
Total Net Position	\$ 2,618,787

See Independent Auditor's Report and Notes to the Basic Financial Statements

City of Irvine
Statement of Activities
For the Fiscal Year Ended June 30, 2017
(amount expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities:					
General Government	\$ 36,411	\$ 12,259	\$ 9,131	\$ 24	\$ (14,997)
Public Safety	71,836	2,984	1,955	-	(66,897)
Public Works	106,478	33,599	10,480	156,445	94,046
Community Services	40,231	13,526	1,005	-	(25,700)
Community Development	34,743	29,367	4,219	14,185	13,028
Unallocated infrastructure depreciation	55,529	-	-	-	(55,529)
Total Governmental Activities	<u>\$ 345,228</u>	<u>\$ 91,735</u>	<u>\$ 26,790</u>	<u>\$ 170,654</u>	<u>(56,049)</u>
General Revenues					
Taxes:					
Property taxes					62,374
Sales taxes					61,617
Franchise taxes					14,022
Transient occupancy taxes					15,708
Document transfer taxes					3,957
Unrestricted motor vehicle in-lieu					116
Investment revenue					2,500
Other revenue					184
Total General Revenues					160,478
Change in Net Position					104,429
Total Net Position, Beginning, as restated					2,514,358
Total Net Position, Ending					<u>\$ 2,618,787</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements

City of Irvine
Balance Sheet
Governmental Funds
June 30, 2017
(amount expressed in thousands)
Page 1 of 2

	General	Orange County Great Park	Orange County Great Park Development	Assessment Districts
ASSETS				
Cash and investments	\$ 135,647	\$ 86,263	\$ 1,699	\$ 119,480
Receivables, net of allowances:				
Taxes	14,121	-	-	-
Accounts	2,923	2,174	-	-
Accrued interest	247	136	2	189
Escrow deposits	-	-	2,628	-
Prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	200	-	-	-
Due from developers	-	-	-	145
Due from the Successor Agency	-	259,691	-	-
Long-term notes receivable, net of allowances	-	-	-	-
Total Assets	<u>\$ 153,138</u>	<u>\$ 348,264</u>	<u>\$ 4,329</u>	<u>\$ 119,814</u>
LIABILITIES				
Accounts payable	\$ 7,679	\$ 717	\$ 372	\$ 144
Accrued liabilities	5,047	-	-	7,637
Due to other funds	-	25,988	-	-
Due to other governments	37	13	-	68
Retentions payable	-	-	3	-
Deposits	9,161	-	-	-
Unearned revenue	4,060	50	-	-
Total Liabilities	<u>25,984</u>	<u>26,768</u>	<u>375</u>	<u>7,849</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	182	2,075	-	-
Total Deferred Inflows of Resources	<u>182</u>	<u>2,075</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	2,784	18,088	-	111,965
Committed	41,034	38,533	-	-
Assigned	79,242	262,800	3,954	-
Unassigned	3,912	-	-	-
Total Fund Balances (Deficits)	<u>126,972</u>	<u>319,421</u>	<u>3,954</u>	<u>111,965</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 153,138</u>	<u>\$ 348,264</u>	<u>\$ 4,329</u>	<u>\$ 119,814</u>

- continued -

See Independent Auditor's Report and Notes to the Basic Financial Statements

City of Irvine
Balance Sheet
Governmental Funds
June 30, 2017
(amount expressed in thousands)
Page 2 of 2

	<u>Capital Improvement Projects</u>	<u>Community Facilities Districts</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 31,423	\$ 104,912	\$ 356,049	\$ 835,473
Receivables, net of allowances:				
Taxes	-	-	1,076	15,197
Accounts	-	-	869	5,966
Accrued interest	44	75	550	1,243
Escrow deposits	-	-	555	3,183
Prepaid items	-	-	20	20
Due from other funds	-	-	25,988	25,988
Due from other governments	4,479	-	1,114	5,793
Due from developers	-	-	23,498	23,643
Due from the Successor Agency	-	-	-	259,691
Long-term notes receivable, net of allowances	-	-	10,281	10,281
Total Assets	<u>\$ 35,946</u>	<u>\$ 104,987</u>	<u>\$ 420,000</u>	<u>\$ 1,186,478</u>
LIABILITIES				
Accounts payable	\$ 1,332	\$ 372	\$ 5,067	\$ 15,683
Accrued liabilities	-	16,924	52	29,660
Due to other funds	-	-	-	25,988
Due to other governments	-	-	10	128
Retentions payable	120	-	414	537
Deposits	427	-	90	9,678
Unearned revenue	736	-	2,718	7,564
Total Liabilities	<u>2,615</u>	<u>17,296</u>	<u>8,351</u>	<u>89,238</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	3,328	-	6,185	11,770
Total Deferred Inflows of Resources	<u>3,328</u>	<u>-</u>	<u>6,185</u>	<u>11,770</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	518	518
Restricted	-	87,691	367,722	588,250
Committed	30,969	-	37,356	147,892
Assigned	-	-	2,397	348,393
Unassigned	(966)	-	(2,529)	417
Total Fund Balances (Deficits)	<u>30,003</u>	<u>87,691</u>	<u>405,464</u>	<u>1,085,470</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 35,946</u>	<u>\$ 104,987</u>	<u>\$ 420,000</u>	<u>\$ 1,186,478</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements

City of Irvine
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017
(amount expressed in thousands)

Total Fund Balances of Governmental Funds		\$ 1,085,470
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in government activities are nonfinancial resources and are not reported in the funds. The following is net of the Internal Service Funds of \$7,713.		
Governmental capital assets		2,674,951
Less: accumulated depreciation		<u>(1,081,349)</u>
		1,593,602
Accrued interest and long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds.		4,184
Long-term note receivable for the revolving loan programs are not available to pay current period expenditures and are shown as unavailable revenues in the funds.		5,886
Deferred outflow related to pension contributions made subsequent to the measurement date, net of the Internal Service Funds of \$927.		58,368
Intergovernmental revenues are not collected within current period and are shown as unavailable revenues in the funds. However, on an accrual basis revenues are included in the government-wide statements. These revenues include:		
Capital Improvement Projects Funds		3,328
Grant Fund		104
Park Development Fund		133
General Fund		182
Orange County Great Park Fund		2,075
Irvine Business Complex Fund		<u>62</u>
		5,884
The net other post employment benefit pension obligation is not due and payable in the current period and is not reported in the fund financial statements.		(1,850)
A portion of sales tax receivable is not available to pay for current period expenditures and is not reported in the fund financial statements.		1,020
Internal service funds are used by management to charge the cost of activities involved in rendering services to departments within the City. The assets and liabilities of the internal services funds are included in the Statement of Net Position.		23,767
Compensated absences long-term liabilities are not due and payable in the current period and are not reported in the funds, net of Internal Service fund of (\$210)		(13,089)
The net pension obligation is not due and payable in the current period and is not reported in the funds, net of the Internal Service Fund of (\$2,517).		(138,213)
Deferred inflow related to pension items differences between expected and actual experience and net investment income, net of the Internal Service Funds of (\$106)		(6,242)
Net Position of Governmental Activities		<u><u>\$ 2,618,787</u></u>

See Independent Auditor's Report and Notes to the Basic Financial Statements



City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017
(amount expressed in thousands)
Page 1 of 2

	General	Orange County Great Park	Orange County Great Park Development	Assessment Districts
REVENUES				
Taxes	\$ 151,490	\$ -	\$ -	\$ -
Licenses and permits	9,301	-	-	-
Fines and forfeitures	1,394	-	-	-
Investment income	657	72	(18)	1,027
Intergovernmental	506	-	-	-
Charges for services	32,934	2,482	-	-
Contributions from property owners-				
Special districts contributions	-	-	-	-
Revenue from developers	-	9,200	-	-
Special assessments	-	8,520	-	-
Donations	17	1	-	-
Other revenue	3,555	-	-	-
Total Revenues	<u>199,854</u>	<u>20,275</u>	<u>(18)</u>	<u>1,027</u>
EXPENDITURES				
Current:				
General Government	30,198	3,080	1	111
Public Safety	70,708	331	-	-
Public Works	28,932	2,169	1	226
Community Development	28,123	248	-	-
Community Services	35,765	3,817	-	-
Capital outlay	-	-	3,716	33,432
Total Expenditures	<u>193,726</u>	<u>9,645</u>	<u>3,718</u>	<u>33,769</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,128</u>	<u>10,630</u>	<u>(3,736)</u>	<u>(32,742)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	21	-	-	-
Transfers in	1,354	-	5,856	-
Transfers out	(8,772)	(636)	(17,204)	-
Total Other Financing Sources (Uses)	<u>(7,397)</u>	<u>(636)</u>	<u>(11,348)</u>	<u>-</u>
Net Change in Fund Balances	(1,269)	9,994	(15,084)	(32,742)
Fund Balances, Beginning, as restated	<u>128,241</u>	<u>309,427</u>	<u>19,038</u>	<u>144,707</u>
Fund Balances, Ending	<u>\$ 126,972</u>	<u>\$ 319,421</u>	<u>\$ 3,954</u>	<u>\$ 111,965</u>

- continued -

See Independent Auditor's Report and Notes to the Basic Financial Statements

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017
(amount expressed in thousands)
Page 2 of 2

	<u>Capital Improvement Projects</u>	<u>Community Facilities Districts</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 25,978	\$ 177,468
Licenses and permits	-	-	-	9,301
Fines and forfeitures	-	-	-	1,394
Investment income	42	675	486	2,941
Intergovernmental	2,180	-	7,184	9,870
Charges for services	-	-	3,916	39,332
Contributions from property owners-				
Special districts contributions	-	137,228	-	137,228
Revenue from developers	-	-	36,327	45,527
Special assessments	-	428	8,611	17,559
Donations	-	-	531	549
Other revenue	484	-	126	4,165
	<u>2,706</u>	<u>138,331</u>	<u>83,159</u>	<u>445,334</u>
EXPENDITURES				
Current:				
General Government	46	1,348	178	34,962
Public Safety	-	-	2,077	73,116
Public Works	403	327	21,273	53,331
Community Development	-	2	7,121	35,494
Community Services	-	-	1,036	40,618
Capital outlay	6,946	68,764	16,114	128,972
	<u>7,395</u>	<u>70,441</u>	<u>47,799</u>	<u>366,493</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,689)</u>	<u>67,890</u>	<u>35,360</u>	<u>78,841</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	-	-	21
Transfers in	15,451	-	48,501	71,162
Transfers out	-	-	(44,575)	(71,187)
	<u>15,451</u>	<u>-</u>	<u>3,926</u>	<u>(4)</u>
Net Change in Fund Balances	10,762	67,890	39,286	78,837
Fund Balances, Beginning, as restated	<u>19,241</u>	<u>19,801</u>	<u>366,178</u>	<u>1,006,633</u>
Fund Balances, Ending	<u>\$ 30,003</u>	<u>\$ 87,691</u>	<u>\$ 405,464</u>	<u>\$ 1,085,470</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements



City of Irvine
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017
(amount expressed in thousands)

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 78,837
--	-----------

Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, as listed below:

Expenditures for capital outlays	128,972	
Expenditures for capital equipment purchases	412	
Less amounts not capitalized	(45,076)	
Depreciation expense	(68,148)	
	16,160	16,160

Governmental funds do not report the donation of capital assets not held for resale. Such transactions are included as revenue on the Statement of Activities.

Donation of capital infrastructure assets	5,633
---	-------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Interest	440	
Charges for services	2,190	
Grants	(2,083)	
Sales taxes	(1,446)	
Transient occupancy taxes	58	
Other revenue	17	
	(824)	(824)

Governmental funds do not report the changes in the net pensions, since it does not provide or require the use of current financial resources.

Defined Benefit Pension Plans	6,494
Other Post Employment Benefit Plan	(95)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.

Compensated absences	(1,024)
----------------------	---------

Internal Service Funds are used by management to charge the costs of certain activities such as insurance and fleet, to individual funds. The net revenue (expense) of the Internal Service Funds is included in the Statement of Activities.

Change in Net Position of Governmental Activities	\$ 104,429
---	------------



City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 158,273	\$ 158,400	\$ 151,490	\$ (6,910)
Licenses and permits	10,643	10,643	9,301	(1,342)
Fines and forfeitures	1,577	1,577	1,394	(183)
Investment income	1,951	1,951	657	(1,294)
Intergovernmental	496	407	506	99
Charges for services	36,572	36,601	32,934	(3,667)
Donations	5	5	17	12
Other revenue	4,495	4,495	3,555	(940)
Total Revenues	214,012	214,079	199,854	(14,225)
EXPENDITURES				
Current:				
City Manager	12,013	12,306	10,215	2,091
Administrative Services	19,132	21,523	19,983	1,540
Public Safety	72,640	72,799	70,708	2,091
Public Works	33,410	33,977	28,932	5,045
Community Development	29,703	30,247	28,123	2,124
Community Services	37,531	37,514	35,765	1,749
Total Expenditures	204,429	208,366	193,726	14,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,583	5,713	6,128	415
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	45	45	21	(24)
Transfers in	149	1,355	1,354	(1)
Transfers out	(13,393)	(14,021)	(8,772)	5,249
Total Other Financing Sources (Uses)	(13,199)	(12,621)	(7,397)	5,224
Net Change in Fund Balances	(3,616)	(6,908)	(1,269)	5,639
Fund Balances, Beginning	128,241	128,241	128,241	-
Fund Balances, Ending	\$ 124,625	\$ 121,333	\$ 126,972	\$ 5,639

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Orange County Great Park
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 1 of 2

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 658	\$ 658	\$ 72	\$ (586)
Charges for services	2,294	2,883	2,482	(401)
Revenue from developers	9,200	9,200	9,200	-
Special assessments	9,785	9,785	8,520	(1,265)
Donations	-	-	1	1
Total Revenues	<u>21,937</u>	<u>22,526</u>	<u>20,275</u>	<u>(2,251)</u>
EXPENDITURES				
Current:				
City Manager				
Personnel	1,192	1,192	1,031	161
Supplies	89	89	10	79
Internal service allocations	44	44	44	-
Contract services	2,243	2,484	1,535	949
Training and business expenses	30	30	5	25
Capital equipment	55	55	36	19
Miscellaneous	92	92	28	64
Total City Manager	<u>3,745</u>	<u>3,986</u>	<u>2,689</u>	<u>1,297</u>
Administrative Services				
Personnel	382	382	376	6
Internal service allocations	8	8	8	-
Contract services	7	7	7	-
Training and business expenses	2	2	-	2
Total Administrative Services	<u>399</u>	<u>399</u>	<u>391</u>	<u>8</u>
Public Safety				
Personnel	359	359	331	28
Total Public Safety	<u>359</u>	<u>359</u>	<u>331</u>	<u>28</u>
Public Works				
Personnel	739	739	639	100
Supplies	151	151	55	96
Internal service allocations	30	30	30	-
Contract services	3,129	3,145	1,205	1,940
Training and business expenses	6	6	-	6
Utilities	463	463	240	223
Capital equipment	2	2	-	2
Total Public Works	<u>4,520</u>	<u>4,536</u>	<u>2,169</u>	<u>2,367</u>

- continued -

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Orange County Great Park
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 2 of 2

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Current:				
Community Development				
Personnel	71	71	25	46
Supplies	3	3	1	2
Contract services	606	606	222	384
Total Community Development	<u>680</u>	<u>680</u>	<u>248</u>	<u>432</u>
Community Services				
Personnel	2,552	2,552	2,094	458
Supplies	215	215	173	42
Internal service allocations	673	673	673	-
Contract services	1,135	1,511	697	814
Training and business expenses	25	25	6	19
Capital equipment	80	80	79	1
Miscellaneous	225	225	94	131
Repairs and maintenance	7	7	1	6
Total Community Services	<u>4,912</u>	<u>5,288</u>	<u>3,817</u>	<u>1,471</u>
Total Expenditures	<u>14,615</u>	<u>15,248</u>	<u>9,645</u>	<u>5,603</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,322</u>	<u>7,278</u>	<u>10,630</u>	<u>3,352</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	280	-	(280)
Transfers out	(100)	(617)	(636)	(19)
Total Other Financing Sources (Uses)	<u>(100)</u>	<u>(337)</u>	<u>(636)</u>	<u>(299)</u>
Net Change in Fund Balances	7,222	6,941	9,994	3,053
Fund Balances, Beginning	<u>309,427</u>	<u>309,427</u>	<u>309,427</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 316,649</u>	<u>\$ 316,368</u>	<u>\$ 319,421</u>	<u>\$ 3,053</u>

City of Irvine
Statement of Net Position
Proprietary Funds
June 30, 2017
 (amounts expressed in thousands)

	Governmental Activities- Internal Service Funds
ASSETS	
Current Assets:	
Cash and investments	\$ 35,306
Receivables, net of allowances:	
Accounts	103
Accrued interest	58
Prepaid items	272
Inventories	95
Due from other governments	7
Total Current Assets	35,841
Noncurrent Assets:	
Capital assets:	
Equipment	24,164
Less accumulated depreciation	(16,451)
Total Noncurrent Assets	7,713
Total Assets	43,554
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	927
Total Deferred Outflows of Resources	927
LIABILITIES	
Current Liabilities:	
Accounts payable	2,693
Accrued liabilities	37
Due to other governments	15
Compensated absences	56
Claims payable	3,729
Total Current Liabilities	6,530
Noncurrent Liabilities:	
Compensated absences	154
Claims payable	11,407
Net pension	2,517
Total Noncurrent Liabilities	14,078
Total Liabilities	20,608
DEFERRED INFLOWS OF RESOURCES	
Pension related items	106
Total Deferred Inflows of Resources	106
Net investment in capital assets	7,713
Unrestricted	16,054
Total Net Position	\$ 23,767

City of Irvine
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 25,795
Intergovernmental	30
Other	60
Total Operating Revenues	25,885
OPERATING EXPENSES	
Salaries and benefits	3,095
Supplies and equipment	6,908
Contract services	6,966
Administration	1,542
Self-insured losses	3,724
Insurance premiums	2,350
Depreciation	2,146
Total Operating Expenses	26,731
Operating Income (Loss)	(846)
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	34
Gain (loss) on disposal of equipment	(334)
Total Nonoperating Revenues	(300)
Income (Loss) Before Capital Contributions and Transfers	(1,146)
Capital contributions	369
Transfers in	198
Transfers out	(173)
Change in Net Position	(752)
Total Net Position, Beginning	24,519
Total Net Position, Ending	\$ 23,767

City of Irvine
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers and users	\$ 56
Received from interfund services provided	25,795
Paid to suppliers and providers	(19,844)
Paid for salaries and benefits	(3,328)
	2,679
Net Cash Provided (Used) by Operating Activities	2,679
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from other funds	198
Transfers to other funds	(173)
	25
Net Cash Provided (Used) by Non-Capital Financing Activities	25
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of equipment	117
Equipment purchases	(2,687)
	(2,570)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,570)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	17
	17
Net Cash Provided (Used) by Investing Activities	17
Net Increase (Decrease) in Cash and Cash Equivalents	151
Cash and Cash Equivalents, Beginning of Fiscal Year	35,155
Cash and Cash Equivalents, End of Fiscal Year	\$ 35,306
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (846)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	2,146
(Increase) decrease in receivables, net of allowances	(34)
(Increase) decrease in prepaid items	(28)
(Increase) decrease in inventories	(14)
(Increase) decrease in deferred outflows	(444)
Increase (decrease) in accounts payable	1,129
Increase (decrease) in accrued liabilities	(86)
Increase (decrease) in due to other governments	7
Increase (decrease) in deposits	(20)
Increase (decrease) in deferred revenue	(115)
Increase (decrease) in compensated absences	36
Increase (decrease) in claims payable	567
Increase (decrease) in net pension	381
Total Adjustments	3,525
Net Cash Provided (Used) by Operating Activities	\$ 2,679
Schedule of Non-Cash and Related Financing Activities	
Contribution of Capital Assets	\$ 369



City of Irvine
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016 and June 30, 2017
(amounts expressed in thousand)

	<u>December 31, 2016</u>		
	<u>Pension and Employee Benefit Trust Funds</u>	<u>Successor Agency Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 166	\$ 4,043	\$ 122,684
Receivables, net of allowances:			
Taxes	-	-	1,304
Accounts	11	-	2,102
Accrued interest	-	-	146
Loans	51	-	-
Due from other governments	-	259,691	-
Due from developers	-	-	857
Investments:			
Pooled funds	23,288	-	-
Mutual funds - closed end funds equity	175	-	-
Mutual funds - equity	3,396	-	-
Mutual funds - corporate bonds	649	-	-
Mutual funds - balanced	201	-	-
Wells Fargo funds - balanced	758	-	-
Total Assets	28,695	263,734	127,093
LIABILITIES			
Accounts payable	6	42	898
Accrued liabilities	19	-	9
Deposits	-	3,028	-
Advances from the City of Irvine	-	259,691	-
Due to bondholders	-	-	124,004
Due to other governments	-	-	2,182
Total Liabilities	25	262,761	127,093
NET POSITION			
Held in trust for pension benefits	28,670	-	-
Held in trust for enforceable obligations	-	973	-
Total Net Position	\$ 28,670	\$ 973	\$ -

See Independent Auditor's Report and Notes to the Basic Financial Statements

City of Irvine
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2016 and June 30, 2017
(amounts expressed in thousands)

	<u>December 31, 2016</u>	
	Pension and Employee Benefit Trust Funds	Successor Agency Private- Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 223	\$ -
Plan members	90	-
Interest from participants' loan	3	-
Total Contributions	316	-
Investment income (loss):		
Interest and dividends	86	-
Net appreciation (depreciation) in fair value of investments	1,459	-
Total Investment Income	1,545	-
Less investment expenses	(89)	-
Net Investment Income	1,456	-
Taxes	-	150
Total Additions	1,772	150
DEDUCTIONS		
Benefit payments	1,994	-
Contract services	-	38
Administration	50	12
Total Deductions	2,044	50
Change in Net Position	(272)	100
Total Net Position, Beginning	28,942	873
Total Net Position, Ending	\$ 28,670	\$ 973

See Independent Auditor's Report and Notes to the Basic Financial Statements



City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies

The basic financial statements of the City of Irvine, California (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City was incorporated December 28, 1971, under the general laws of the State of California. The City adopted its Charter in 1975. An elected mayor and four-member council govern the City. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The City's blended component units, although legally separate entities are, in substance, part of the City's operations and the financial data is combined with data of the City.

Blended Component Units

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Certain organizations warrant inclusion as part of the financial reporting entry because of the nature and significance of its relationship with the City. A legally separate, tax-exempt organization should be reported as a component unit of the City if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents.
2. The City, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the City, or its component units, is entitled to, or has the ability to otherwise access, are significant to the City.

Based upon the application of the criteria listed above, the following component units have been included.

The Irvine Public Facilities Corporation (Corporation) and the Irvine Public Facilities and Infrastructure Authority (Authority) were used to finance the acquisition and construction of the City's civic center, operations support facility, animal services facilities, and other infrastructure improvements in the City. The Corporation and Authority are governed by boards comprised of appointed Finance Commissioners and the elected City Councilmembers, respectively. Since the governing bodies of the City Council, the Corporation and the Authority are substantially the same, these entities are reported as component units and their transactions are reported in the governmental fund financial statements as debt service funds. The Corporation's debt was retired in fiscal year 2001-02 and the Authority's debt was retired in fiscal year 2010-11; no additional activity has occurred in these funds. Separate financial statements are not prepared for the Corporation and the Authority.

The Orange County Great Park Corporation (OCGPC) was established by the Irvine City Council on July 7, 2003, as a support agency to the City, for the specific purpose of managing and effecting the

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

development, operation, and maintenance of the Orange County Great Park on the site of the former Marine Corps Air Station (MCAS) El Toro. The OCGPC board of directors is comprised of the five elected City Councilmembers. Since the governing bodies of the City Council and OCGPC are substantially the same, and there is a financial burden relationship between the City and the OCGPC, the OCGPC is reported as a blended component unit. The transactions of the OCGPC are reported in the governmental fund financial statements as a part of the major special revenue fund Orange County Great Park. No financial activity occurred during the fiscal year, therefore, no financial statements are available.

The Irvine Community Land Trust (Land Trust) was established by the Irvine City Council on February 14, 2006, as a support agency to the City for the specific purpose of assisting the City to ensure that its residents are able to secure affordable housing by, among other things, developing, constructing, financing, managing, selling, renting, subsidizing, and monitoring single and multi-family housing. A board of directors comprised of two individuals appointed by the City and five “At-Large-Directors” appointed from a pool of candidates governs the Land Trust. Since the Land Trust obtains a majority of its funding from the City, City staff holds management positions, and the Land Trust provides benefits exclusively to the City even though it does not provide services directly to the City, the Land Trust is reported as a blended component unit. Transactions are reported in the governmental fund financial statements as an other governmental special revenue fund. Copies of separate financial statements for the Land Trust may be obtained from the City of Irvine City Hall, One Civic Center Plaza, Irvine, California, 92606.

B. Government-wide and Fund Financial Statements – Basis of Presentation

Government-wide Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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 City activities are governmental; no business-type activities are reported in the statements.

The Statement of Activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are not properly included among program revenues are reported instead as general revenues. As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Net Position, which is equity, is reported in the following categories:

- net investment in capital assets, represents the City's equity interest in capital assets;
- restricted assets, are net positions whose use is not subject to the City's own discretion; and
- unrestricted net positions are available for use.

Fund Financial Statements: The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary and fiduciary are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 for those required to be accounted for in another fund.

The Orange County Great Park Fund, is a special revenue fund that accounts for the receipt and disbursement of funds used for the specific purpose of managing, developing, operating and maintaining the Orange County Great Park.

The Orange County Great Park Development Fund, is a capital projects fund that accounts for expenditures related to the planning, design, demolition and constructing the Orange County Great Park.

The Assessment Districts Fund accounts for the capital project activity in the assessment districts.

The Capital Improvement Projects Fund, is a capital projects fund that accounts for acquisition or construction of the City's general circulation related infrastructure including traffic signals, street medians and bridges.

The Community Facilities District Fund, a capital projects fund, accounts for the capital infrastructure improvements associated with Columbus Grove, Central Park and Great Park.

Additionally, the City reports the following fund types:

Governmental Funds

Special Revenue Funds account for proceeds of specific revenue sources that are legally restricted or otherwise committed or assigned for specific purposes.

Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities and circulation infrastructure.

Permanent Fund accounts for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. Adult day health services and senior citizen programs are funded from these interest earnings and donations.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Proprietary Funds

Internal Service Funds account for operations that provide services to other departments of the City on a cost reimbursement basis. These services include self-insurance, acquisition, replacement and maintenance of the City's vehicle fleet, Civic Center maintenance, information technology systems, telephone, mail and duplicating services, and central stores supplies.

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

Fiduciary Funds

Pension and Employee Benefit Trust Funds account for the activities of the City's Defined Benefit Pension Plan for sworn employees and the Defined Contribution Pension Plan for non-sworn employees.

Private-Purpose Trust Funds are the Successor Agency Trust funds, which hold assets and receive resources to pay enforceable obligations and administrative costs of the dissolved Irvine Redevelopment Agency.

Agency Funds are used to account for debt service activities related to the Assessment District and Community Facilities District conduit debt issues, in which the City acts as an agent, not as a principal. The Inter-Agency Custodial Fund is used to account for cash seized by Public Safety and held until final disposition of the cases.

The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so only the net amount is included as transfers in the governmental activities column.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, as are the proprietary fund and fiduciary fund financial statements; however, the measurement focus is not applicable to agency funds. Under the *economic resources measurement focus*, all assets, deferred outflow of resources, liabilities (current and long-term), and deferred inflow of resources are reported. Under the *accrual basis of accounting*, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

In general, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; however, indirect expenses and internal payments have been eliminated.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the *current financial resources measurement focus*, generally only current assets, liabilities and deferred inflow of resources are reported in the governmental funds.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the *modified accrual basis of accounting*, revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, under accrual accounting. However, expenditures for debt service and compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the City.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

The proprietary, pension and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities

D. Use of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then use unrestricted resources as needed.

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates or fair market value when market quotations are readily available.

The City maintains a cash and investment pool that is available for use by all funds except the Pension Trust Funds, Private-Purpose Trust Funds, Irvine Community Land Trust, and the Inter-Agency Custodial Fund, which holds cash and investments separately from those of other City funds. Each fund's portion of the City's pool is displayed in the financial statements as "Cash and investments." Investment income is allocated to all participating funds based on each fund's average daily cash balance.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets include property, plant, equipment and infrastructure. Property, plant and equipment are reported as assets with an initial individual cost of at least \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Infrastructure components, which include street, bridge, traffic signal, landscape and trail networks, are reported as assets with an initial individual cost of at least \$50,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition fair value at the date of acquisition.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

The estimated historical cost of infrastructure asset networks, as of July 1, 2001, was derived by calculating the current construction or purchase cost from recent historical data and deflating that cost back in time to estimated prior in-service dates for network classes using a generally used cost index deflator. Infrastructure asset networks are included in the City's capital assets reporting at estimated historical cost. Additions to the networks after June 30, 2001, are reported at actual cost consistent with the capitalization policy described above. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed.

Property, plant, equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Lives</u>
Buildings & systems	30 - 40
Improvements other than buildings	15
Machinery and equipment	3 - 10
Infrastructure	17 - 62

Deferred Outflow/Inflow of Resources

In addition to assets, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The City has only one type of item in the statement of net position, \$59,295 for pension related items.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflow of resources. The separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City reported the following in this category:

1. Unavailable revenues measured under the modified accrual basis of accounting reported in governmental funds. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.
2. Changes in the net pension liability are included in pension expense.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Deferred inflows of resources that are included in the governmental fund financial statements and government-wide statements at June 30, 2017, are as follows:

	General Fund	Orange County Great Park	Capital Improvement Projects	Other Governmental Funds	Total
<u>Governmental Funds:</u>					
Grants	\$ -	\$ -	\$ 3,328	\$ 293	\$ 3,621
Notes and long-term receivable	-	-	-	5,887	5,887
Other revenue	182	2,075	-	5	2,262
Total	<u>\$ 182</u>	<u>\$ 2,075</u>	<u>\$ 3,328</u>	<u>\$ 6,185</u>	<u>\$ 11,770</u>
<u>Government-wide:</u>					
Pension related items					<u>\$ 6,348</u>

Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Long-Term Notes Receivable

Long-term notes receivable consist of loans to developers to assist in the stimulation of low and moderate income housing projects, rehabilitation loans to low income individuals that need assistance in rehabilitating their homes, and first time buyers assistance loans. Loan repayment terms range from due at the sale of the property to 58 years. A majority of the loans to the developers will be paid from residual rental receipts earned on the property.

Due to the long-term nature and contingent repayment requirements for some of the loans, an allowance for doubtful accounts has been estimated so actual results can differ from the estimates. Some of the loans were funded from the Department of Housing and Urban Development and CalHOME grants and are part of a revolving loan program. In the governmental funds financial statements, disbursements for providing these revolving loan receivables are recorded as expenditures while the collection of these receivables are recorded as revenue. Due to the requirement of the granting agency, these receivable collections must be utilized for the purpose of the grant requirements. The City has recorded a deferred inflow of resources equal to the outstanding revolving loan principal of \$5,887.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Developer loans	\$ 18,176
Rehabilitation loans	1,594
First time home buyer assistance loans	722
Total	20,492
Allowance for doubtful accounts	(10,211)
Long-Term Notes Receivable, Net	\$ 10,281

Property Taxes

Property taxes are attached as enforceable liens on the related property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Orange (County) bills and collects the property taxes and remits the amounts to the City in installments during the year. California State legislation (known as the "Teeter Plan") allowed the City and County to adopt an alternative property tax allocation plan whereby the City receives 100 percent of the tax levied. The City is not responsible to reimburse the County for unpaid property taxes, in return, the County receives all penalty charges or delinquent property taxes and is also responsible for any foreclosure proceedings.

Compensated Absences

It is the City's policy to allow employees to accumulate earned but unused vacation, compensatory time and sick pay benefits. The vesting method is used to calculate the liability. Depending on the bargaining group and years of service, an employee will be paid between 0 percent and 90 percent of earned sick pay benefits and 100 percent of earned vacation and compensatory time upon separation. All vacation pay, compensatory time, and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. The current portion of the liability is estimated from prior year payments and adjusted for material expected variances. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is used to liquidate the compensated absences liabilities.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net positions. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, with the exception of prepaid insurance costs, are recognized as an outflow of resources in the period when the debt is issued. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS' Financial Office and the City's Defined Benefit Pension Plan for sworn employees. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Governmental Accounting Standards Board (GASB) Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

	Defined Benefit Pension Plan	CalPERS Pension Plans
Valuation date (VD)	December 31, 2015	June 30, 2015
Measurement date (MD)	December 31, 2016	June 30, 2016
Measurement period (MP)	January 1, 2016 to December 31, 2016	July 1, 2015 to June 30, 2016

Fund Balance-Net Position

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

Nonspendable fund balance typically includes inventories, prepaid items and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.

Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council ordinances. These amounts cannot be used for any other purposes unless the City removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned fund balance reflects the City's intended use of resources. Through the adoption of the budget and subsequent budget adjustments throughout the year, the City assigns the specific purpose of the funding.

Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications. In other governmental funds, the unassigned classification reports a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the City's policy is to apply restricted first. When

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally, unassigned fund balance.

In the governmental-wide financial statement and proprietary fund financial statements, net positions are classified as follows:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction or improvement of the assets.

Restricted net position is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position is all resources that do not meet the definition of "net investment in capital assets" or "restricted net position."

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions related to the collectability of its receivables (e.g. accounts receivable, intergovernmental receivables, loans receivable, amounts due from other funds and amounts advanced to other funds), the depreciation of its capital assets and infrastructure networks, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates.

G. Implementation of New GASB Pronouncements

In fiscal year ended June 30, 2017, the City adopted the following accounting standards.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* becomes effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB Statement No. 77, *Tax Abatement Disclosures* becomes effective for fiscal years beginning after December 15, 2015. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* becomes effective for fiscal year beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 80, *Blending Requirements for Certain Component Units-An Amendment of GASB Statement No. 14*, becomes effective for fiscal year beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

H. Pending GASB Accounting Pronouncements

The following accounting statement which may impact the City's financial reporting requirements in the near future is listed below.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* becomes effective for fiscal year beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* becomes effective for fiscal year beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issue – An Amendment of GASB Statements No. 67, No. 68, and No. 73* is effective for the fiscal year beginning after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 83, *Certain Asset Retirement Obligations* becomes effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs).

GASB Statement No. 84, *Fiduciary Activities* becomes effective for fiscal years beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 85, *Omnibus 2017* becomes effective for fiscal year beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 86, *Certain Debt Extinguishment Issues* becomes effective for fiscal year beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt.

GASB Statement No. 87, *Leases* becomes effective for fiscal year beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

[Balance of page intentionally left blank]

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During May and June, the City Manager submits to the City's Finance Commission and the City Council a proposed operating budget for all funds of the City for the fiscal year commencing the following July 1. In addition, during June, the Orange County Great Park funds' budget is submitted to the Orange County Great Park Board. The budget includes proposed expenditures and the means of financing them.
2. The Finance Commission, Orange County Great Park Board, and City Council hold public meetings to consider the proposed budget. Prior to July 1, the budget is legally enacted through adoption of an appropriation resolution.
3. After adoption, the annual budget, except for the Orange County Great Park Funds, may be amended by the City Manager if amendments are less than \$50,000 (amount not rounded) and do not expand or add to the City's programs or services, except for the General Fund that has no limit if the amendments do not expand or add to the City's programs or services. The legal level of control in the General Fund is considered to be the department level. The City departments are: City Manager, Administrative Services, Community Development, Community Services, Public Safety, and Public Works. The first two departments are classified together for reporting purposes as General Government, but City Manager and Administrative Services operate separately as departments for budgetary control purposes. Review by the Finance Commission and approval by the City Council are required if an amendment is in excess of \$50,000 (amount not rounded). Amendments to the adopted General Fund budget for the fiscal year ended June 30, 2017, increased appropriations by \$3,937 to an amended total of \$208,366.

The legal level of control for the Orange County Great Park Funds is the budget category by department. Adjustments to the budget must be approved by the Orange County Great Park Board of Directors and a majority vote of the City Council. Amendments to the adopted Orange County Great Park budget increased appropriations by \$633 to an amended total of \$15,248.

The legal level of control for all governmental funds other than the General Fund and Orange County Great Park Funds is considered to be the fund level.

4. Budgets for the General, Special Revenue and Permanent Funds are adopted on a basis consistent with generally accepted accounting principles. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. Budgeted amounts contained within this report are the original and final amended amounts, as approved by the City Council. No budgetary comparisons are presented for the Capital Projects Funds since budgets are adopted on a project basis as opposed to an annual basis. Also, no budgetary comparisons are presented for the Internal Service and Fiduciary Funds.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

II. Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures over Appropriations

Other Governmental Funds

For the fiscal year ended June 30, 2017, expenditures for the Major Special Events Fund exceeded appropriations by \$51. Additional events were added to the schedule, increasing the need for personnel. These additional personnel costs were offset by revenue billed to and received from the event sponsors.

[Balance of page intentionally left blank]

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds

A. Cash and Investments

Cash and investments, as of June 30, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 649,941
Cash and investments held by trustee	220,838
Total	870,779
Fiduciary funds:	
Cash and investments	742
Cash and investments held by trustee	121,827
Agency deposits	115
Cash and investments - Pension trust funds	28,633
Cash and investments - Private purpose trust funds	4,043
Total	155,360
Total Cash and Investments	\$ 1,026,139

Cash and investments, as of June 30, 2017, consist of the following:

Cash on hand	\$ 22
Deposits with financial institutions - City	3,019
Deposits with financial institutions - Irvine Community Land Trust	3,056
Investments - City	980,054
Investments - Irvine Community Land Trust	7,312
Total	993,463
Cash and investments - Pension trust funds	28,633
Cash and investments - Private-purpose trust funds	4,043
Total	32,676
Total Cash and Investments	\$ 1,026,139

Investments Authorized By the California Government Code and the City of Irvine's Investment Policy

The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250 by the Federal Deposit Insurance Corporation (FDIC). The following table identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also addresses interest rate risk, credit risk and concentration of credit risk by virtue of the limitations imposed by the California Government Code (or the City's investment policy, where more restrictive). The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of the bond indentures or investments held by the Irvine Community Land Trust governed by the Irvine Community Land Trust's investment policy statement, rather than the general provisions of the California Government Code or the City's investment policy.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Authorized Investment Type	Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasuries	5 years	None	None
U.S. Government Sponsored Enterprise Securities	5 years	None	None
Bankers' Acceptances	180 days	25%	\$5,000
Commercial Paper	270 days	15%	3%
Repurchase Agreements	75 days	25%	None
Reverse Repurchase Agreements	75 days	15%	None
Local Agency Investment Fund (LAIF)	N/A	25%	N/A
Municipal Bonds	5 years	None	None
Corporate Medium Term Notes	5 years	15%	3%
Money Market Mutual Funds	N/A	20%	10%
Supranationals	5 years	10%	None

Investments Authorized By Bond Indentures

Investments of debt proceeds held by trustees are governed by provisions of the bond indentures rather than the general provisions of the California Government Code or the City's investment policy.

Investments Authorized By Irvine Community Land Trust Board

Investments held by the Irvine Community Land Trust (Land Trust) are governed by the Land Trust's investment policy statement rather than the general provisions of the California Government Code or the City's investment policy.

The overall targeted Land Trust's asset allocation is 30 percent equity and 70 percent fixed income, with allowable variances of plus or minus 10 percent. Short-term investments with maturity dates of less than two years are limited to \$3 million. Long-term investments are limited to \$4 million and not to exceed seven year terms.

Short-term duration securities that are designated for near-term distributions (less than one year) are invested in money market funds, commercial paper rated A1 or P1, or securities issued or guaranteed by the U.S. Government or its agencies.

The following the list of allowable asset classes, target rates and the allowable ranges for the Land Trust's equity and fixed income investments:

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Asset Class	Target	Range
U.S. Large Cap Equity	7 %	0 - 15%
U.S. Mid & Small Cap Equity	6 %	0 - 10%
Developed International Equity	3 %	0 - 5%
Emerging Markets Equity	2 %	0 - 5%
Alternative Strategies	2 %	0 - 5%
Taxable Fixed Income	76 %	70 - 90%
High Yield Fixed Income	3 %	0 - 5%
Emerging Markets Debt	1 %	0 - 5%

Investment criteria authorized by the Land Trust's investment policy for fixed income asset class is as follows:

Criteria	Requirement
Average Quality	AA
Minimum Credit Quality	Investment grade as defined by S&P and Moodys at time of purchase
Maximum BBB/Baa Exposure	20%
Maximum Issuer	No limit on U.S. Treasuries and U.S. Government Sponsored Enterprise Securities; all others 5%
Duration	+/-20% of benchmark, Barclays Capital Aggregate Index

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Government Sponsored Enterprise Securities	\$ 606,249	\$ 145,073	\$ 173,455	\$ 287,721
Commercial Paper	243,609	243,609	-	-
Money Market Mutual Funds	96,607	96,607	-	-
Local Agency Investment Fund (LAIF)	28,575	28,575	-	-
Municipal General Obligation Bonds	5,014	5,014	-	-
	<u>\$ 980,054</u>	<u>\$ 518,878</u>	<u>\$ 173,455</u>	<u>\$ 287,721</u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Information about the fair value sensitivity of the Land Trust's investments to market interest rate fluctuations is provided in the following table that shows the distribution of the Land Trust's investments by maturity:

Investment Type	Amount	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Equity Mutual Funds	\$ 2,837	\$ 2,837	\$ -	\$ -
Negotiable Certificates of Deposit	1,503	1,503	-	-
Individual Fixed Income Securities	1,357	117	346	894
U.S. Treasuries*	806	55	150	601
Fixed Income Mutual Funds	478	478	-	-
Alternative Strategies Mutual Funds	251	251	-	-
U.S. Government Sponsored Enterprise Securities*	80	-	-	80
	<u>\$ 7,312</u>	<u>\$ 5,241</u>	<u>\$ 496</u>	<u>\$ 1,575</u>

*Investment types U.S. Treasuries and U.S. Government Sponsored Enterprise Securities represent individual holding within the Land Trust portfolio. These types of investments may also be included in underlying investments in Fixed Income Mutual Funds held within the portfolio.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments (including investments held by trustees) in callable federal agency securities are highly sensitive to interest rate fluctuations. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes their fair values highly sensitive to changes in interest rates. The fair value of callable investments in the City's portfolio at June 30, 2017, is \$131,153.

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Not Rated	Rating as of June 30, 2017 - Standard & Poor's				
				AAA _m	AA+	AA-	A-1+	A-1
U.S. Government Sponsored Enterprise Securities	\$ 606,249	N/A	\$ -	\$ -	\$ 606,249	\$ -	\$ -	\$ -
Commercial Paper	243,609	A-1	-	-	-	-	36,708	206,901
Money Market Mutual Funds	96,607	AAA	-	96,607	-	-	-	-
Local Agency Investment Fund (LAIF)	28,575	N/A	28,575	-	-	-	-	-
Municipal General Obligation Bonds	5,014	A2/A	-	-	-	5,014	-	-
	<u>\$ 980,054</u>		<u>\$ 28,575</u>	<u>\$ 96,607</u>	<u>\$ 606,249</u>	<u>\$ 5,014</u>	<u>\$ 36,708</u>	<u>\$ 206,901</u>

Concentration of Credit Risk

The City's investment policy generally limits the amount that can be invested in any obligations of one entity or single security except U.S. Treasuries, U.S. Government Sponsored Enterprise Securities, and municipal bonds. Investments in any one issuer that represent 5 percent or more of the City's investments are as follows:

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Issuer	Investment Type	Fair Value
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	\$ 190,568
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	171,667
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	148,468
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	90,052

The City's fiscal agent cash portfolio is subject to the provisions of the bond indentures. Investments in any one issuer that represent 5 percent or more of the fiscal agent investment portfolio are as follows:

Issuer	Investment Type	Fair Value
JP Morgan Securities LLC	Commercial Papers	\$ 82,646
Credit Agricole Corporate & Investment Bank	Commercial Papers	67,835
Bank of Tokyo-Mitsubishi UFJ	Commercial Papers	28,357
Natixis NY Branch	Commercial Papers	27,065
Nestle Finance International Limited	Commercial Papers	25,784

The Land Trust's investments in any one issuer that represent 5 percent or more of the Land Trust's investments are as follows:

Issuer	Investment Type	Market Value
Dreyfus Growth and Income Fund	Equities	\$ 496
BNY Mellon Mid Cap Multi-Strategy Fund	Equities	450

Notes:

The BNY Mellon Mid Cap Multi-Strategy Fund has over 600 holdings with the top ten holdings comprising approximately 9% of the fund's total assets.

The Dreyfus Growth and Income fund has over 100 holdings with the top 10 holding comprising approximately 2.3% of the fund's total assets.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments, or collateral securities that are in the possession of another party.

The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal to at least 110 percent of the total amount deposited by the public agencies. The City's investment policy further limits pledged securities for all City deposits to U.S. Treasury securities with a cost value equal to at least 110 percent of the deposit amount. The City's repurchase agreements must be secured by pledging U.S. Treasury securities and/or U.S. Government Agency securities with a cost value equal to at least 102 percent of the par amount plus accrued interest. All securities owned by the City with the exception of Local Agency Investment Fund (LAIF) and a portion of the money market mutual funds are held in safekeeping with a custodial bank

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

different from the City's primary bank. Securities are not held in broker accounts. Investments held by LAIF and money market mutual funds are registered in the City's name.

The Land Trust's deposits are insured up to \$250 by the Federal Deposit Insurance Corporation (FDIC). Investments are registered in the Land Trust's name and held by a counterparty. As of June 30, 2017, the Land Trust's uninsured and uncollateralized deposits totaled \$2,551.

Custodial credit risk for deposits and investments held by bond trustees is the risk that the City will not be able to recover the value of its deposit or investment securities that are in the possession of an outside party. All deposits and 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. As of June 30, 2017, uninsured and uncollateralized deposits held by trustee totaled \$1,729.

Investment in State Investment Pool

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

Cash and Investments - Pension Trust Funds

Defined Benefit Pension Plan Investments in the Plan are administered by the City's Defined Benefit Pension Plan Trustee and are subject to the investment policies stipulated in the Plan document rather than the general provisions of the California Government Code or the City's investment policy. Cash and investments of the Defined Benefit Pension Plan are included in the basic financial statements as of December 31, 2016. The fair values of the Plan investments have been determined by the respective unit price provided by the custodian as of December 31, 2016.

Defined Contribution Pension Plan The City's Defined Contribution Pension Plan Committee administers investment options in this Plan, which is subject to the investment policies stipulated in the Plan document rather than the general provisions of the California Government Code or the City's investment policy. Cash and investments of the Defined Contribution Pension Plan are included in the basic financial statements as of December 31, 2016. Investments of the Plan are stated at fair value. The fair value of investments in open-end investment trusts are determined by the funds' quoted share price at December 31, 2016.

Agency Deposits

The agency deposits are funds which were seized during the course of local law enforcement activities and are held in trust pending a final asset forfeiture hearing by the Orange County District Attorney's Office. At the conclusion of each case, the District Attorney's Office informs the City of the required disposition of the funds, at which time, the City remits the seized amount plus interest as directed.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be market data that is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment or liability.

The following is a description of the recurring valuation methods and assumptions used by the City to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by City's management from third party service provider.

For a portion of the City's portfolio, the City's management applies its leveling methodology across all securities in a specific sector (i.e. commercial paper). Inputs to their pricing models are based on observable market inputs in active markets.

The City has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

Investment Type	Level			Total
	1	2	3	
U.S. Government Sponsored Enterprise Securities	\$ -	\$ 606,249	\$ -	\$ 606,249
Commercial Paper	-	243,609	-	243,609
Municipal General Obligation Bonds	-	5,014	-	5,014
	<u>\$ -</u>	<u>\$ 854,872</u>	<u>\$ -</u>	<u>\$ 854,872</u>
Money Market Mutual Funds				96,607
Local Agency Investment Fund (LAIF)				28,575
				<u>\$ 980,054</u>

Below is the categorization of the Land Trust's investments:

Investment Type	Level			Total
	1	2	3	
Equities Mutual Funds	\$ 2,837	\$ -	\$ -	\$ 2,837
Negotiable Certificates of Deposit	-	1,503	-	1,503
Individual Fixed Income Securities	1,357	-	-	1,357
U.S. Treasuries	-	806	-	806
Fixed Income Mutual Funds	-	478	-	478
Alternative Strategies Mutual Funds	-	251	-	251
U.S. Government Sponsored Enterprise Securities	-	80	-	80
	<u>\$ 4,194</u>	<u>\$ 3,118</u>	<u>\$ -</u>	<u>\$ 7,312</u>

Restricted Cash

Cash and investments in the Senior Services Permanent Fund, consisting of proceeds from permanent fund contributions totaling \$672 at June 30, 2017, were nonspendable or restricted per terms of an agreement between the Irvine Senior Foundation and the City.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance <u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2017</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land, as restated	\$ 657,122	\$ 444	\$ -	\$ 657,566
Construction in progress	71,629	20,681	55,564	36,746
Total capital assets not being depreciated, as restated	<u>728,751</u>	<u>21,125</u>	<u>55,564</u>	<u>694,312</u>
Capital assets, being depreciated:				
Buildings and systems	139,311	-	-	139,311
Improvements other than buildings	138,312	55,577	-	193,889
Machinery and equipment	35,534	3,291	2,782	36,043
Infrastructure	1,566,786	68,774	-	1,635,560
Total capital assets being depreciated	<u>1,879,943</u>	<u>127,642</u>	<u>2,782</u>	<u>2,004,803</u>
Less accumulated depreciation for:				
Buildings and systems	(59,607)	(3,676)	-	(63,283)
Improvements other than buildings	(69,887)	(7,978)	-	(77,865)
Machinery and equipment	(24,151)	(3,110)	(2,116)	(25,145)
Infrastructure	(875,977)	(55,530)	-	(931,507)
Total accumulated depreciation	<u>(1,029,622)</u>	<u>(70,294)</u>	<u>(2,116)</u>	<u>(1,097,800)</u>
Total capital assets, being depreciated, net	<u>850,321</u>	<u>57,348</u>	<u>666</u>	<u>907,003</u>
Governmental activities capital assets, net	<u>\$ 1,579,072</u>	<u>\$ 78,473</u>	<u>\$ 56,230</u>	<u>\$ 1,601,315</u>

Museum Collections

The Orange County Great Park (OCGP) has acquired airplane collections for the future museum at the Orange County Great Park. The requirement to capitalize these collections is waived because the OCGP collections are held for reasons other than financial gain; the collection is protected, kept unencumbered, cared for, and preserved; and the collection is subject to the City's policy requiring the proceeds from sales of collection items be used to acquire other items for collections.

Depreciation expense was charged to City functions/programs as follows:

General Government	\$ 1,373
Public Safety	326
Public Works	9,464
Community Development	89
Community Services	1,367
Internal Service Funds Depreciation-charged to programs based on asset usage	<u>2,146</u>
Allocated Depreciation	14,765
Unallocated Infrastructure Depreciation	<u>55,529</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 70,294</u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Construction Commitments

The City has active construction projects as of June 30, 2017. The projects include signals, streets and drainage, bridges, parks, trails, landscape and facilities. At fiscal year-end, the City's encumbrances with contractors were as follows:

	Remaining Commitment
Streets and drainage	\$ 2,547
Traffic signal projects	2,366
Facilities	1,182
Parks	580
Trails	419
Landscape and streetscape	270
Bridges	46
Total	\$ 7,410

Special assessment bonds that will be repaid by the benefiting property owners are financing the special assessment commitments. A mixture of outside federal and state grants supplemented by City funding finances the other commitments. City funding includes General Fund transfers, Gas Tax, and Measure M Turnback funding as well as various types of development fees.

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, was as follows:

Receivable Fund	Payable Fund	Amount
Non-Major Governmental Funds	Orange County Great Park	\$ 25,988

The interfund balance of \$25,988 is a combination of \$25,969 for a settlement agreement entered into that resolves lawsuits filed by the City, Successor Agency, and Irvine Community Land Trust against the State of California related to debts owed by the former Redevelopment Agency to the City and Irvine Community Land Trust. In addition, \$19 is due to the Maintenance District for street lighting and landscape maintenance for the Community Facilities District, Great Park Improvement Area No. 1.

Interfund Transfers:

Transfers out:	Transfers in:					Total
	General Fund	Orange County Great Park Development	Capital Improvement Projects	Other Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 503	\$ 8,269	\$ -	\$ 8,772
Orange County Great Park	100	517	-	19	-	636
Orange County Great Park Development	-	-	-	17,204	-	17,204
Other Governmental Funds	1,254	5,339	14,948	22,836	198	44,575
Internal Service Funds	-	-	-	173	-	173
Total	\$ 1,354	\$ 5,856	\$ 15,451	\$ 48,501	\$ 198	\$ 71,360

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Transfers provided funding for the development of capital projects, as well as capital acquisitions. Transfers are used to move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them and the use of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

D. Leases

Operating Revenue Lease

The City has various operating lease rental agreements producing annual rental revenue to the Orange County Great Park and the General Fund.

Orange County Great Park

The Orange County Great Park (OCGP) fund receives revenue for several operating leases for sites within the former MCAS El Toro. The OCGP is currently under development and lease rentals are only projected as far out as to the fiscal year ended June 30, 2019, with some leases expiring or planned to be terminated sooner. The leases are for green waste recycling, office/manufacturing buildings, farming and other uses of the property.

A lease with Tierra Verde Industries that began in May 2006 has been amended and restated over the years and is for two parcels located in the OCGP. The first parcel is approximately 60 acres and is used as a green waste recycling center. The quarterly rental for this property is \$111 for an annual rental of \$447. An additional \$0.64 per ton is charged as a Green Waste Host Fees and the amount collected as of June 30, 2017, was \$447. The second parcel under this lease are buildings used for office space, light maintenance and manufacturing. The rents received for this parcel for the fiscal year ended June 30, 2017, was \$91.

A farming lease with El Toro Farms, LLC to grow strawberries and vegetable crops began in July 2005 and has been renewed over the years. The lease terminates June 30, 2019. Rental revenue at June 30, 2017, was \$33.

A lease with Orange County Produce to grow strawberries and other crops began in July 2010. Rental revenue at June 30, 2017, was \$160.

A lease with AMCI/Omnicom for the use of other sites within OCGP is month to month with \$313 received in the fiscal year ended June 30, 2017.

The future minimum rental revenue to be received from the aforementioned operating leases, as of June 30, 2017, is as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Annual</u> <u>Rent</u>
2018	\$ 572
2019	32
	<u>\$ 604</u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

General Fund

The City has ongoing operating lease agreements for farming, retail space, right of way, facilities, and cell sites which expire at various dates through 2040. Rental revenue reported by the operating lease agreements for the fiscal year ended June 30, 2017, amounted to \$768. The future minimum rental revenue to be received from the aforementioned operating leases, as of June 30, 2017, is as follows:

Fiscal Year Ending June 30	Annual Rent
2018	\$ 764
2019	749
2020	504
2021	469
2022	404
2023-2027	2,074
2027-2032	1,698
2032-2037	1,030
Thereafter	49
	<u>\$ 7,741</u>

E. Changes in Long-term Liabilities

For the fiscal year ended June 30, 2017, changes in long-term liabilities are as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Long- Term	Due Within One Year
Compensated absences	\$ 12,238	\$ 4,824	\$ 3,763	\$ 13,299	\$ 9,684	\$ 3,615
Claims payable	14,570	3,724	3,158	15,136	11,407	3,729
Net OPEB *	1,755	540	445	1,850	1,850	-
Net Pension	111,180	63,573	34,023	140,730	140,730	-
Total Long-Term Liabilities	<u>\$ 139,743</u>	<u>\$ 72,661</u>	<u>\$ 41,389</u>	<u>\$ 171,015</u>	<u>\$ 163,671</u>	<u>\$ 7,344</u>

*Other post employment benefits

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

F. Special Assessment Debt with No City Commitment

The City issued special tax and assessment bonds on behalf of the property owners, pursuant to the Improvement Bond Act of 1915 and the Mello-Roos Community Facilities Act of 1982, to finance the acquisition and construction of certain infrastructure improvements within the assessment districts and community facilities districts.

The City acts solely as an agent for those paying special tax and assessments and remits the amounts collected to the bondholders of these variable and fixed rate Improvement Bond Act of 1915 and Mello-Roos Community Facilities Act of 1982 issues. The City is acting as an agent and is in no way liable for the Special Tax and Assessment debt.

The bonds are not general obligations of the City but are limited obligations, payable solely from special tax and assessments. The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment and community facilities district bond payments. If delinquencies occur beyond the amounts held in the reserve funds that are created from bond proceeds, the City has no duty to pay the delinquency out of the available funds of the City. Neither the faith and credit nor the taxing power of the City, or the State of California, or any political subdivision thereof is pledged to the payment of these bonds.

[Balance of page intentionally left blank]

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Non-committal debt amounts issued and outstanding at June 30, 2017, are as follows:

Variable Rate Issues		Bonds Issued	Bonds Outstanding
07-22	Stonegate	\$ 40,000	\$ 7,905
05-21	Orchard Hills	79,265	31,644
04-20	Portola Springs	78,605	26,391
03-19	Woodbury	121,600	42,517
00-18	Shady Canyon/Turtle Ridge/Quail Hill	84,800	8,683
85-7	Irvine Spectrum 1, 3, and 4	41,150	33,611
87-8	Irvine Spectrum 5	74,700	14,238
93-14	Irvine Spectrum 6 and 7	72,400	54,537
94-13	Oak Creek	61,600	16,231
94-15	Westpark II	32,700	2,976
97-16	Northwest Irvine	60,000	25,168
97-17	Lower Peters Canyon East	95,000	32,154
Total Variable Rate Issues		841,820	296,055
Fixed Rate Issues		Bonds Issued	Bonds Outstanding
04-20	Portola Springs 2013	11,795	11,340
04-20	Portola Springs 2014	14,460	14,170
04-20	Portola Springs 2015	21,485	21,485
04-20	Portola Springs 2017	30,200	30,200
05-21	Orchard Hills 2014	74,860	73,430
05-21	Orchard Hills 2016	16,235	16,235
07-22	Stonegate	28,350	27,110
10-23	Laguna Altura	12,695	12,460
11-24	Cypress Village	38,655	37,538
13-25	Eastwood	34,430	34,430
12-1	Reassessment District	126,220	89,940
13-1	Reassessment District	80,755	68,195
15-1	Reassessment District	47,360	43,190
15-2	Reassessment District	50,625	49,205
CFD 2004-1	Central Park	18,510	18,305
CFD 2005-2	Columbus Grove	16,975	15,150
CFD 2013-3	Great Park 2014	72,700	72,610
CFD 2013-3	Great Park 2016	135,835	135,835
Total Fixed Rate Issues		832,145	770,828
Total All Issues		\$ 1,673,965	\$ 1,066,883

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

G. Fund Balance Classifications

Fund balances in the governmental funds at June 30, 2017 have been classified as follows:

	General	Orange County Great Park	Orange County Great Park Development	Assessment Districts	Capital Improvement Projects	Community Facilities Districts	Other Governmental Funds	Total Governmental Funds
Non Spendable								
Endowment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	498	\$ 498
Prepaid items	-	-	-	-	-	-	20	20
Subtotal	-	-	-	-	-	-	518	518
Restricted for:								
Capital improvement projects	-	-	-	111,965	-	87,691	912	200,568
Park development	-	-	-	-	-	-	111,160	111,160
Circulation improvement	-	-	-	-	-	-	199,067	199,067
Community services activities	-	-	-	-	-	-	69	69
Animal care activities	-	-	-	-	-	-	570	570
Public service activities	-	-	-	-	-	-	399	399
Development activities	706	-	-	-	-	-	-	706
Low-income housing activities	-	-	-	-	-	-	47,466	47,466
Air quality improvement activities	-	-	-	-	-	-	628	628
Public safety programs	-	-	-	-	-	-	2,863	2,863
Public education	2,000	-	-	-	-	-	3,494	5,494
Public transportation	-	-	-	-	-	-	818	818
Great Park development and operations	-	18,088	-	-	-	-	-	18,088
Senior nutrition programs and activities	-	-	-	-	-	-	276	276
Open space maintenance	78	-	-	-	-	-	-	78
Subtotal	2,784	18,088	-	111,965	-	87,691	367,722	588,250
Committed to:								
Capital improvement projects	-	-	-	-	-	-	319	319
Park development	-	-	-	-	-	-	12,689	12,689
Circulation improvements	-	-	-	-	30,969	-	4,067	35,036
Contingency reserve	41,034	-	-	-	-	-	-	41,034
Great Park development and operations	-	38,533	-	-	-	-	-	38,533
Public facilities improvements	-	-	-	-	-	-	18,574	18,574
Public safety services	-	-	-	-	-	-	89	89
Lighting, landscape, & park maintenance	-	-	-	-	-	-	1,618	1,618
Subtotal	41,034	38,533	-	-	30,969	-	37,356	147,892
Assigned to:								
Park development	-	262,800	3,954	-	-	-	2,397	269,151
Compensated absences	5,551	-	-	-	-	-	-	5,551
Development activities	6,046	-	-	-	-	-	-	6,046
Infrastructure and rehabilitation	66,639	-	-	-	-	-	-	66,639
Technology innovation	1,006	-	-	-	-	-	-	1,006
Subtotal	79,242	262,800	3,954	-	-	-	2,397	348,393
Unassigned:	3,912	-	-	-	(966)	-	(2,529)	417
Total	\$ 126,972	\$ 319,421	\$ 3,954	\$ 111,965	\$ 30,003	\$ 87,691	\$ 405,464	\$ 1,085,470

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

H. Restatement

Fund balance/net position at July 1, 2016, has been restated to reflect the following changes:

Funds	Net Position at July 1, 2016 as Previously Reported	Fund Restatement	Net Position at July 1, 2016 as Restated
Capital Improvement Projects	\$ 18,824	\$ 417	\$ 19,241

Funds	Net Position at July 1, 2016 as Previously Reported	Fund Restatement	Net Position at July 1, 2016 as Restated
Governmental Activities	\$ 2,501,321	\$ 13,037	\$ 2,514,358

During the fiscal year ended June 30, 2017, it was determined that \$417 of prior revenue in the Capital Improvement Project fund was misclassified as a deferred inflow of resources. In addition, the governmental activities in the government-wide financial statements also included \$12,620 for land donated to the City for affordable housing in a previous fiscal year.

I. Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court (Court) upheld Assembly Bill 1 X 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Irvine that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the successor agency (Successor Agency) to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Council Resolution number 12-10.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor Agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

City Housing Successor

On January 10, 2012, and pursuant to both the Bill and City Council Resolution number 12-11, the City, through the City Council, elected to retain the housing assets and functions of the former redevelopment agency. The City continues to report the housing assets and functions in the governmental special revenue fund designated City Housing Successor. No financial activity or deposits has occurred in this fund, therefore, no financial schedules are present in the Supplemental Schedules.

Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments	<u><u>\$ 4,043</u></u>
----------------------	------------------------

Deposits

The Successor Agency received \$3,028 from the Irvine Community Land Trust. The payment is a result of a State Controller's Office review of the Successor Agency to the City of Irvine Redevelopment Agency's records for asset transfers. The \$3,028 will be included on the 2018-19 Recognized Obligation Payment Schedule.

Advances from the City of Irvine

Advances payable to the City for the year ended June 30, 2017, were as follows:

	Balance June 30, 2016	Deletions	Balance June 30, 2017
Advances from the City - Settlement agreement	\$ 280,056	\$ 20,365	\$ 259,691
Total	\$ 280,056	\$ 20,365	\$ 259,691

On October 24, 2014, a settlement agreement was entered into that resolved lawsuits filed by the City, Successor Agency and Irvine Community Land Trust against the State of California. The lawsuit was related to debts owed by the former Redevelopment Agency to the City and Irvine Community Land Trust that the State Department of Finance denied property tax funding. The settlement agreement calls for the State to remit to the Successor Agency a total of \$292,000 in property tax receipts over an unspecified period. Which when received by the Successor Agency will be remitted to the City and the City disbursing 10 percent of the settlement received to the Irvine Community Land Trust. As of June 30, 2017, the outstanding balance due to the City is \$259,691.

Insurance Coverage

Insurance coverage has been obtained by the City of Irvine for the City and all authorities under its control. Information related to the Successor Agency's insurance coverage can be obtained by contacting the City.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

J. Subsequent Events

On September 27, 2017, the City issued Reassessment District No. 05-21 Limited Obligation Improvement Bonds, Fixed Rate Series, Group Three, in the principal amount of \$19,500 to provide funds to (a) finance additional improvements within the District, (b) fund a reserve account for the bonds, (c) pay capitalized interest on the bonds through September 2, 2019, and (d) pay the costs of issuance of the bonds.

In January 2016, the City council approved an agreement to sell a parcel of land within the Orange County Great Park to a developer. The developer was then obligated to transfer the parcel of land to the Orange County Fire Authority for a fire station. In August 2017, payment for the land was received.

In September 2006, the City Council approved a development agreement for Planning Area 39, Los Olivos. The agreement included a provision that over multiple years, 15 acres of land would be donated to the City for affordable housing. As of June 30, 2017, the City has received 9.6 of the 15 acres. The additional 5.4 acres of land for affordable housing will be donated by December 2023.

[Balance of page intentionally left blank]

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information

A. Risk Management

The City uses a combination of insured and self-insured programs to finance its property and casualty risk. The City is self-insured for workers' compensation, automotive and general liability risks. Excess liability coverage above \$350 per occurrence and a \$3,000 aggregate is provided through a risk-sharing pool, the California Insurance Pool Authority (CIPA). CIPA also purchases excess liability coverage up to a \$43,000 limit for the pool. Excess workers' compensation coverage above \$300 per occurrence and up to \$3,000 is provided through CIPA. Property risk is financed through insurance contracts and has various limits and deductibles.

The City is a member of CIPA in order to jointly purchase insurance coverage and to share costs for professional risk management, claim administration, and group purchasing of insurance products with 12 other cities from Orange, Los Angeles and San Bernardino Counties. Premiums paid during the fiscal year ended June 30, 2017, were \$2,219. CIPA uses independent actuaries and underwriters to determine premiums and help set insurance limits and deductible levels. The pool is managed by an independent general manager and contracted legal advisers. Three internal subcommittees are made up of City members to provide direction on underwriting and claims activities. The Governing Board of CIPA is comprised of one member from each participating City and is responsible for the selection of the independent general manager, legal counsel and electing subcommittee members.

The City retains a risk of loss due to the fact that actual losses may exceed estimated claims or coverage amounts. Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years, and there were no reductions in the City's coverage during the fiscal year ended June 30, 2017. All self-insurance activity is reported in the City's Self-Insurance Internal Service Fund.

At June 30, 2017, \$15,136 had been accrued for general liability and workers' compensation claims in the fund. This amount represents the estimated outstanding losses including case reserves, the development on known claims and incurred but not reported claims based upon past experience, modified for current trends and information, including all claims adjustment expenses. The liabilities included in the self-insurance fund are based on the results of an actuarial review performed during fiscal year 2016-17. It is the City's policy to assess its risk exposure periodically.

Changes in the aggregate liability for claims since July 1, 2015, resulted in the following:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Liability Balance, July 1, 2015	\$ 13,264	\$ 2,196	\$ 15,460
Changes in estimates	262	984	1,246
Claim payments during 2015-2016	<u>(1,848)</u>	<u>(288)</u>	<u>(2,136)</u>
Liability Balance, June 30, 2016	<u>11,678</u>	<u>2,892</u>	<u>14,570</u>
Changes in estimates	2,818	906	3,724
Claim payments during 2016-2017	<u>(1,789)</u>	<u>(1,369)</u>	<u>(3,158)</u>
Liability Balance, June 30, 2017	<u>\$ 12,707</u>	<u>\$ 2,429</u>	<u>\$ 15,136</u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

B. Contingent Liabilities

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.

The City is a defendant and plaintiff in several pending lawsuits arising out of matters incidental to the operation of the City. Although the outcome of these lawsuits cannot be determined at present, management estimates that any potential claims against the City not covered by insurance resulting from such litigation will not materially affect the City's financial condition.

C. Other Post Employment Benefits

Voluntary Employees' Beneficiary Association

Plan Description The Voluntary Employees' Beneficiary Association (VEBA) known as "Premium Reimbursement Plan of the Irvine Employees Benefit Trust" is a defined contribution welfare benefit plan. The Plan provides health insurance premium and medical expense reimbursement benefits to retirees. The Plan was established by the Irvine Police Association (IPA), and later joined by the Irvine City Employees Association (ICEA) and Association of Supervisory and Administrative Personnel (ASAP). Separate accounts are maintained under the trust agreement for the three member groups but the amounts administered are pooled within each employee group. Eligible retirees receive a monthly reimbursement of health insurance premiums and eligible expenses under the plan in an amount to be determined by the Board of Trustees, from time to time, based on years of service. Eligibility requires five years of active service and five years of mandatory contributions to the plan. The Plan is administered by Benefit Solutions Inc. under the provisions of IRS Code Section 501(c)(9).

Funding Policy Participants and the City are required to contribute to the plan at a percentage of base pay per the various employee associations' Memorandum of Understanding (MOU). The contribution requirements of plan members and the City are established and may be amended by the MOU with the various employee associations. For the year ended June 30, 2017, employer contributions were \$956 and participant contributions were \$1,112. Copies of the MOUs may be obtained from City Hall.

Retirement Health Savings

Plan Description The City provides post retirement medical benefits to management, Irvine Professional Employees Association (IPEA), and non-represented employees in the form of contributions to a defined contribution Retiree Health Savings Plan (RHS). Employer contribution rates to the Plan are determined by negotiation between the City and the employee association and detailed along with other wage and benefit issues in MOU between those entities. Copies of the MOU may be obtained from City Hall.

Funding Policy The City is required to contribute 2 or 3 percent of base salary depending on the employee association's MOU. For the year ended June 30, 2017, the City contributed \$287 to the RHS plan. The Plan is administered by Meritain Health.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

Other Post Employment Benefits (OPEB)

Plan Description The City administers a single employer health care plan. The Plan provides retirees the ability to purchase healthcare insurance benefits through the City's group health insurance plans, which cover both active and retired employees. This benefit coverage is determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in MOUs between those entities. Copies of the MOUs may be obtained from City Hall. Employees who have attained age 50 and completed at least five years of service with the City, or who have attained age 60 regardless of years of service, or who medically retire and have coverage immediately prior to retirement, are eligible to retire and participate in the City's healthcare plans by paying the full cost of premiums. As of June 30, 2017, there were 153 retired employees purchasing healthcare benefits. A separate financial statement is not issued.

Funding Policy The retired plan members receiving benefits make contributions at the premium rates identical to those charged for the City's active employees. While the City does not directly contribute towards the cost of premiums, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an "implicit subsidy." The implicit subsidy is considered to be an other post-employment benefit (OPEB) of the City. For the year ended June 30, 2017, the City's contribution (implicit subsidy) was \$375.

Annual OPEB Cost and Net OPEB Obligation The City's annual OPEB cost (expense) of \$470, is calculated based on the annual required contribution of the employer (ARC), 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 (or funding excess) not to exceed a 30-year period. The amortization of benefits previously earned (unfunded actuarial liabilities) is being amortized on a thirty-year level percent of pay, open period. The following table shows the components of the City's annual OPEB cost for the year:

	June 30, 2017
Annual required contribution (ARC)	\$ 470
Interest adjustment	70
Amortization adjustment	(70)
Annual OPEB cost	470
Employer contribution	(375)
Net change in OPEB obligation	95
Net OPEB obligation - beginning of year	1,755
Net OPEB obligation - end of year	\$ 1,850

The percentage of annual OPEB cost contributed to the plan (implicit subsidy), and the net OPEB obligation were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	616	54.9%	1,482
6/30/2016	611	55.3%	1,755
6/30/2017	470	79.9%	1,850

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

Funded Status and Funding Progress As of July 1, 2016, the date of the latest actuarial valuation, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 5,484
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 5,484
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 75,729
UAAL as a percentage of covered payroll	7.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined to be 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 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, presents multi-year history of the actuarial accrued liability, actuarial value of assets, their relationship and the relationship of the unfunded actuarial accrued liability to payroll.

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations. The ARC for the plan was determined as part of the July 1, 2016, actuarial valuation using the following methods and assumptions:

Actuarial cost method	entry age, level percent of pay
Amortization method	level percent of pay, open period
Remaining amortization period	30-year
Salary increases	3.0%
Discount rate	4.0%
Health care cost trend rate	8.0%
Implied rate of inflation	2.5%
Asset valuation method	N/A
Investment return	N/A

D. Employee Retirement Systems and Pension Plans

City of Irvine Defined Benefit Pension Plan

Plan Description Prior to February 2, 2002, the City provided pension benefits for all of its sworn employees through the City of Irvine Defined Benefit Pension Plan. On February 2, 2002, the City contracted with the California Public Employees' Retirement system (CalPERS) to provide retirement benefits for sworn employees. The City of Irvine Defined Benefit Pension Plan is a single-employer defined benefit pension plan established by City resolution and administered in accordance with the

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

provisions of the Plan document adopted on April 1, 1975, and subsequently restated on January 1, 1984, July 1, 1996, January 1, 2004, and January 1, 2012. The Plan is closed to new participants. An actuarial valuation is performed annually to determine the actuarial implication of the Plan's funding policy. The last new actuarial valuation date was December 31, 2016. The City issues a publicly available financial report that includes financial statements and required supplementary information for the City of Irvine Defined Benefit Pension Plan. Copies of the annual financial report may be obtained from City Hall.

Benefit Provided The City Defined Benefit Pension Plan provides retirement, death and disability benefits to certain sworn employees. Benefits are based on years of credited service, equal to one year of full time employment. The Plan's provisions and benefits in effect at:

Hire Date	Prior to February 2, 2002
Benefit formula	2.5% at 50
Benefit vesting schedule	10 years of service
Benefit payments	Monthly for life
Retirement age	50 - 55
Monthly benefits, as a percentage of eligible compensation	2.5% to 3.0%
Required employee contribution rates	9.0%
Required employer contribution rates	29.14%

Employees Covered At December 31, 2016 (valuation date), the following employees were covered by the benefit terms for the Plan.

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	2
Active employees	3
Total	36

Contribution Description The City of Irvine Sworn Police Defined Benefit Pension Plan as restated January 1, 2012, Section 9 states the employer shall regularly make contribution under the Plan which, together with the assets held in the Trust Fund, will be adequate to finance the Plan's benefits on an actuarial basis consistent with the funding policy adopted for the Plan by the Administrator. The total plan contributions are determined through an annual actuarial process. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employee.

Effective July 30, 2016, employees hired prior to January 1, 2013, are contributing an additional amount of 3 percent towards the City's required contribution. This has increased the employee contribution for those members hired prior to January 1, 2013 to 12 percent.

Net Pension Liability The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of December 31, 2016, using an annual actuarial valuation as of December 31, 2015, rolled forward to December 31, 2016, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

Actuarial Assumptions The total pension liabilities in the December 31, 2016, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	December 31, 2015
Measurement date	December 31, 2016
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	5.5%
Inflation	3.0%
Salary increases	5.0%
Mortality	1983 Group Annuity Mortality Table-Male ⁽¹⁾
Post retirement benefit increase	2.0%

⁽¹⁾ 1983 Group Annuity Mortality Table-Male use for post-retirement mortality rates is experience based. Most members of this plan are disabled. As such, mortality projections have been considered and deemed inappropriate for the group as a whole.

Changes in the Net Pension Liability The following table shows the changes in net pension liability recognized over the measurement period:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at: 12/31/2015	\$ 20,132	\$ 19,223	\$ 909
Changes for the year:			
Service cost	81	-	81
Interest expense	1,077	-	1,077
Differences between expected and actual experience	178	-	178
Contributions-employer	-	88	(88)
Contributions-employee	-	39	(39)
Net investment income	-	1,105	(1,105)
Benefit payments, including refunds of employee contributions	(1,165)	(1,165)	-
Administrative expenses	-	(84)	84
Net Change	171	(17)	188
Balance at: 12/31/2016	\$ 20,303	\$ 19,206	\$ 1,097

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 5.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.50 percent) or 1 percentage-point higher (6.50 percent) than the current rate:

	Discount Rate - 1% 4.50%	Current Discount Rate 5.50%	Discount Rate + 1% 6.50%
Plan's Net Pension Liability/(Assets)	\$ 3,361	\$ 1,097	\$ (804)

Subsequent Events There were no subsequent events that would materially affect the results presented in this disclosure.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

Recognition of Gains and Losses Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Amortization over the average remaining service period of actives and inactive (one year of future service is assumed for inactive for this calculation).

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions As of the start of the measurement period (January 1, 2016), the net pension liability/(asset) was \$909. For the measurement period ending December 31, 2016 (the measurement date), the City incurred a pension expense/(income) of \$478 for the Plan.

As of December 31, 2016, the City has deferred outflows and deferred inflows of resources related to pensions were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Contributions made after the measurement date	79	-
Net difference between projected and actual earnings on pension plan investments	421	-
Total	\$ 500	\$ -

The \$79 reported as deferred outflow of resources related to the contribution made after the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ending December 31,	Deferred Outflows/(Inflows) of Resources
2017	\$ 124
2018	124
2019	188
2020	(15)
2021	-
Thereafter	-

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

City of Irvine Defined Contribution Pension Plan

Plan Description The City provides pension benefits through the City of Irvine Defined Contribution Pension Plan for those full time non-sworn employees who elected not to participate in CalPERS in 2003. The City is responsible for the administration of the Plan with the City Council having the authority to amend or terminate contribution provisions. Retirement benefits depend on amounts contributed plus investment earnings. Until July 2004, non-sworn full time employees were eligible to participate from the date of employment; however, the Plan is closed to new participants. Employer and employee contribution rates to the Plan are determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in MOUs between those entities. Copies of the annual financial report and MOUs may be obtained from City Hall.

Funding Policy Effective July 1, 2003, eligible participants were required to contribute 4 percent of their base compensation into the Plan and the City's contributions were 15 percent of participants' basic compensation. Effective August 10, 2012, pursuant to agreements with the City's employee associations, the City contributes 12.4 percent of the participants' base compensation, and eligible participants contributes 6.5 percent of their base compensation into the plan. Plan participants have the right to 100 percent of contributions made on their behalf and related earnings upon their death, permanent and total disability or upon attainment of normal retirement age, 59.5 under the Plan. If employment terminates prior to normal retirement age for reasons other than death, or permanent and total disability, the participant will achieve 50 percent vesting upon successful completion of a six month probationary period or 55 percent vesting upon successful completion of a one-year probationary period. Following the probationary period, the participant will retain 5 percent vesting for each plan year in which the participant attains 1,000 hours of the credited service until the completion of the fifth year when full vesting will occur.

At December 31, 2016, the Plan had 53 members, consisting of 8 active members, and 45 terminated members. All 53 members are fully vested in the Plan. Total Plan assets were \$9,485. Effective April 1996, the Plan became participant-directed. Participants may direct investment of employer contributions and earnings in 1 percent increments among investment options with the third party administrator, Wells Fargo Bank.

Employer contributions to the Plan during the fiscal year ended December 31, 2016 were \$131 and participant contributions were \$50. For additional details concerning the transition to CalPERS, see the note below related to miscellaneous (non-sworn) employees.

CalPERS Defined Benefit Pension Plan

Plan Description The City provides pension benefits to eligible full-time and extended part-time employees not already in the City's Defined Benefit Pension Plan for sworn employees or the City's Defined Contribution Pension Plan for miscellaneous (non-sworn) employees. These plans are agent multiple-employer public employee defined benefit plans and are administered through the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provision and all other requirements are established by State statute and City ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information and can be found on the CalPERS website at www.calpers.ca.gov.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

Benefits Provided CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

Sworn Plan		
Hire Date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	3% at 50	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a percentage of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	9%	12%
Required employer contribution rates	38.651%	38.651%

Miscellaneous Plan			
Hire Date	Prior to August 14, 2012	On or After August 14, 2012 and Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.7% at 55	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 63	52 - 62
Monthly benefits, as a percentage of eligible compensation	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	26.467%	26.467%	26.467%

Employees Covered At June 30, 2015 (valuation date), the following employees were covered by the benefit terms for the Plan:

	Sworn Plan	Miscellaneous Plan
Active members	198	681
Retired members and beneficiaries	94	292
Terminated members	27	333
Transferred members	45	266
Total	<u>364</u>	<u>1,572</u>

Contribution Description Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

Payments for Unfunded Actuarial Accrued Liability In June 2013, the City Council approved a plan to reduce the City's unfunded actuarial accrued liability. The following additional payments have been made:

Fiscal Year Ended June 30,	Sworn Plan Payments	Miscellaneous Plan Payments
2013	\$ 1,500	\$ 3,500
2014	2,500	5,500
2015	1,000	4,000
2016	1,000	4,000
2017	3,000	4,000
Total	<u>\$ 9,000</u>	<u>\$ 21,000</u>

Additional prepayments may be made in future years, subject to evaluation and discretion of the City Council.

Net Pension Liability The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is provided below.

Actuarial Assumptions The total pension liabilities in the June 30, 2015, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies on entry age and service
Mortality rate table ⁽¹⁾	Derived using CalPERS membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

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

Change of Assumptions There were no changes of assumptions during the measurement period June 30, 2016. Deferred inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS website under the GASB Statement No. 68 section.

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

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Year 1- 10 ⁽¹⁾	New Strategic Year 11 + ⁽²⁾
Global equity	51.00 %	5.25 %	5.71 %
Global fixed income	20.00	0.99	2.43
Inflation sensitive	6.00	0.45	3.36
Private equity	10.00	6.83	6.95
Real estate	10.00	4.50	5.13
Infrastructure and forestland	2.00	4.50	5.09
Liquidity	1.00	(0.55)	(1.05)

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

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

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

Changes in the Net Pension Liability The following tables show the changes in net pension liability for each plan recognized over the measurement period:

Sworn Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 6/30/2015	\$ 208,387	\$ 169,307	\$ 39,080
Changes for the year:			
Service cost	6,966	-	6,966
Interest on total pension liability	16,258	-	16,258
Changes of benefits terms	-	-	-
Difference between expected and actual experience	5,005	-	5,005
Changes in assumptions	-	-	-
Contributions-employer	-	8,628	(8,628)
Contributions-employee	-	2,286	(2,286)
Net investment income	-	791	(791)
Benefit payments, including refunds of employee contributions	(8,705)	(8,705)	-
Administrative expense	-	(103)	103
Other changes	-	-	-
Net changes	19,524	2,897	16,627
Balance at 6/30/2016	<u>\$ 227,911</u>	<u>\$ 172,204</u>	<u>\$ 55,707</u>

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 6/30/2015	\$ 326,808	\$ 255,617	\$ 71,191
Changes for the year:			
Service cost	8,634	-	8,634
Interest on total pension liability	24,811	-	24,811
Changes of benefits terms	-	-	-
Difference between expected and actual experience	220	-	220
Changes of assumptions	-	-	-
Contributions-employer	-	15,938	(15,938)
Contributions-employee	-	3,801	(3,801)
Net investment income	-	1,347	(1,347)
Benefit payments, including refunds of employee contributions	(14,031)	(14,031)	-
Administrative expense	-	(156)	156
Other changes	-	-	-
Net changes	19,634	6,899	12,735
Balance at 6/30/2016	<u>\$ 346,442</u>	<u>\$ 262,516</u>	<u>\$ 83,926</u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following presents the net pension liability of each Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

Plan's Net Pension Liability/(Assets)	Discount Rate - 1% 6.65%	Current Discount Rate 7.65%	Discount Rate + 1% 8.65%
Sworn Plan	\$ 90,197	\$ 55,707	\$ 27,731
Miscellaneous Plan	131,172	83,926	44,933
Combined Total	\$ 221,369	\$ 139,633	\$ 72,664

Subsequent Events In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019, and result in increases to employers' normal costs and unfunded actuarial liabilities. For the GASB Statement 68 accounting valuations, the discount rate will move straight to 7% starting with the June 30, 2017, measurement date report and will result in an increase to employer's total pension liabilities.

Amortization of Deferred Outflows and Deferred Inflows of Resources Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive and retired).

The Plan's EARSL for the 2015-16 measurement period, ended June 30, 2016, is 6.6 years for the Sworn Plan and 4.2 years for the Miscellaneous Plan, which was obtained by dividing the total service years (the sum of remaining service lifetimes of the active employees) by the total number of

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

participants: active, inactive and retired. Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

	Sworn Plan	Miscellaneous Plan
Total service years	2,413	6,608
Divided by:		
Total number of participants	364	1,572
Expected average remaining service lifetime	6.6 years	4.2 years

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions As of the start of the measurement period (July 1, 2015), the net pension liability/ (asset) was \$39,080 for the Sworn Plan and \$71,191 for the Miscellaneous Plan. For the measurement period ending June 30, 2016 (the measurement date), the City incurred a pension expense/ (income) of \$10,201 and \$10,650 for the Sworn and Miscellaneous Plans respectively.

As of June 30, 2016, the City's deferred outflows and deferred inflows of resources related to pensions were as follows:

	Sworn Plan		Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,141	\$ -	\$ -	\$ 409
Change in assumptions	-	2,817	-	3,122
Contributions made after the measurement date	11,332	-	16,687	-
Net difference between projected and actual earnings on pension plan investments	9,439	-	14,196	-
Total	\$ 27,912	\$ 2,817	\$ 30,883	\$ 3,531

The amounts above are net of outflows and inflows recognized in the 2015-16 measurement period expense.

[Balance of page intentionally left blank]

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

IV. Other Information (Continued)

The \$11,332 and \$16,687 reported as deferred outflow of resources related to the contribution made after the measurement date for each Plan, will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ending June 30,	<u>Sworn Plan</u>	<u>Miscellaneous Plan</u>
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2018	\$ 2,165	\$ 555
2019	2,165	555
2020	4,991	5,872
2021	3,218	3,681
2022	768	-
Thereafter	456	-

Public Agency Retirement System Defined Contribution Plan

Plan Description The City's part-time, seasonal and temporary employees that are ineligible for another retirement plan are eligible to participate in the Public Agency Retirement Systems Trust (PARS), pursuant to the requirements of 3121(6)(7)(F) of the Internal Revenue Code. The City is responsible for the administration of the Plan with the City Council having the authority to amend, modify or terminate the provisions and contributions. Retirement benefits depend on amounts contributed plus investment earnings. Copies of PARS' annual financial report may be obtained from their executive office: P.O. Box 1291, Newport Beach, California 92658.

Funding Policy Effective September 1, 2013, eligible participants are required to contribute 4.3 percent of their base compensation into the Plan. The City shall contribute an amount equal to 3.2 percent of the base salary compensation. Plan participants have the right to 100 percent of their account balance upon their death, termination of employment, permanent and total disability, or upon attainment of normal retirement age of 59.5 under the Plan.

Annual Pension Cost At December 31, 2016, the Plan had 685 members. Total Plan assets were \$2,089. Employer and employee contributions to the Plan during the year ended December 31, 2016, were \$429.

E. Permanent Fund

The City has one permanent fund, which was established during the fiscal year ended June 30, 2002. The Senior Services Fund was created with a contribution received in conjunction with the Agreement to terminate the Irvine Senior Foundation/City of Irvine Distribution of Funds Agreement (Agreement) and approved by the City Council in March 2002. This Agreement directs the City to use the interest income earned by investments of the nonexpendable endowment to fund projects at specific senior citizen and adult day health centers, and to use other contributed amounts and its investment earnings in the same manner as previously used by the Irvine Senior Foundation.

The net position of the fund includes a nonexpendable amount of \$498, which is reported as part of Restricted Net Position, Nonspendable. Expendable donations and accrued interest of \$172 are available for expenditure and are reflected as Restricted Net Position, Expendable.



City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

City of Irvine Defined Benefit Pension Plan for Sworn Employees

Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Periods Ended December 31
Last Ten Fiscal Year ⁽¹⁾

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 81	\$ 137	\$ 128
Interest on total pension liability	1,077	1,091	1,088
Changes of benefits terms	-	-	-
Difference between expected and actual experience	178	(280)	(5)
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(1,165)	(1,171)	(1,145)
Net Change in Total Pension Liability	\$ 171	\$ (223)	\$ 66
Total Pension Liability - Beginning	20,132	20,355	20,289
Total Pension Liability - Ending (a)	<u>\$ 20,303</u>	<u>\$ 20,132</u>	<u>\$ 20,355</u>
Plan Fiduciary Net Position			
Contribution - employer	\$ 88	\$ 130	\$ 243
Contribution - employee	39	32	20
Net investment income	1,105	71	1,391
Benefit payments, including refunds of employee contributions	(1,165)	(1,171)	(1,145)
Administrative expenses	(84)	(123)	(129)
Other changes in fiduciary net position	-	-	-
Net Change in Fiduciary Net Position	\$ (17)	\$ (1,061)	\$ 380
Plan Fiduciary Net Position - Beginning	19,223	20,284	19,904
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,206</u>	<u>\$ 19,223</u>	<u>\$ 20,284</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 1,097</u>	<u>\$ 909</u>	<u>\$ 71</u>
Plan fiduciary net position as a percentage of the total pension liability funded status	94.60%	95.48%	99.65%
Covered payroll	\$ 365	\$ 334	\$ 326
Plan net pension liability/(asset) as a percentage of covered payroll	300.55%	272.16%	21.78%

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only three years are shown.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

City of Irvine Defined Benefit Pension Plan for Sworn Employees (Continued)

Schedule of Plan Contributions
For the Year Ended December 31
Last Ten Fiscal Year ⁽¹⁾

	2016	2015	2014
Actuarially determined contribution	\$ 88	\$ 130	\$ 243
Contribution in relation to the actuarially determined contribution	(88)	(130)	(243)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 365	\$ 334	\$ 326
Contributions as a percentage of covered payroll	24.11%	38.92%	74.54%

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only three years are shown.

Notes to Schedule

Additional information used for funding purposes and for the determination of the ARC is as follows:

Valuation date:	December 31, 2015
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	5.50%
Inflation	3.00%
Salary increases	5.00%
Mortality	1983 Group annuity Mortality Table-Male ⁽²⁾

⁽²⁾ 1983 Group Annuity Mortality Table-Male use for post-retirement mortality rates is experience based. Most members of this plan are disabled. As such, mortality projections have been considered and deemed inappropriate for the group as a whole.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

CalPERS Defined Benefit Pension Plan for Sworn Employees

Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Periods Ended June 30
Last Ten Fiscal Years ⁽¹⁾

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 6,966	\$ 6,238	\$ 6,341
Interest on total pension liability	16,258	14,875	13,661
Changes of benefits terms	-	-	-
Difference between expected and actual experience	5,005	4,152	-
Changes in assumptions	-	(4,043)	-
Benefit payments, including refunds of employee contributions	(8,705)	(8,114)	(7,391)
Net Change in Total Pension Liability	\$ 19,524	\$ 13,108	\$ 12,611
Total Pension Liability - Beginning	208,387	195,279	182,668
Total Pension Liability - Ending (a)	<u>\$ 227,911</u>	<u>\$ 208,387</u>	<u>\$ 195,279</u>
Plan Fiduciary Net Position			
Contribution - employer	\$ 8,628	\$ 8,369	\$ 11,701
Contribution - employee	2,286	2,131	2,694
Net investment income	791	3,683	24,267
Benefit payments, including refunds of employee contributions	(8,705)	(8,114)	(7,391)
Net plan to plan resource movement	-	1	-
Administrative expense	(103)	(191)	-
Net Change in Fiduciary Net Position	\$ 2,897	\$ 5,879	\$ 31,271
Plan Fiduciary Net Position - Beginning	169,307	163,428	132,157
Plan Fiduciary Net Position - Ending (b)	<u>\$ 172,204</u>	<u>\$ 169,307</u>	<u>\$ 163,428</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 55,707</u>	<u>\$ 39,080</u>	<u>\$ 31,851</u>
Plan fiduciary net position as a percentage of the total pension liability funded status	75.56%	81.25%	83.69%
Covered payroll	\$ 25,076	\$ 22,824	\$ 20,142
Plan net pension liability/(asset) as a percentage of covered payroll	222.15%	171.22%	158.13%

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only three years are shown.

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms.

Changes in Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

CalPERS Defined Benefit Pension Plan for Sworn Employees (Continued)

Schedule of Plan Contributions
Last Ten Fiscal Years ⁽¹⁾

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 8,332	\$ 7,628	\$ 7,369
Contribution in relation to the actuarially determined contribution	(11,332)	(8,628)	(8,369)
Contribution deficiency (excess)	<u>\$ (3,000)</u>	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>
Covered payroll	\$ 28,642	\$ 25,076	\$ 22,824
Contributions as a percentage of covered payroll	39.56%	34.41%	36.67%

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only three years are shown.

Notes to Schedule of Plan Contributions:

Valuation date: June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Gains and losses amortized over a fixed 30-year period with the increases or decreases in the rate phased in over a 5-year period.
Inflation	2.75%
Salary increases	Various by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

CalPERS Defined Benefit Pension Plan for Miscellaneous Employees

Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Periods Ended June 30
Last Ten Fiscal Years ⁽¹⁾

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 8,634	\$ 8,319	\$ 8,705
Interest on total pension liability	24,811	23,375	22,042
Changes of benefits terms	-	-	-
Difference between expected and actual experience	220	(1,078)	-
Changes in assumptions	-	(5,837)	-
Benefit payments, including refunds of employee contributions	(14,031)	(12,552)	(11,398)
Net Change in Total Pension Liability	\$ 19,634	\$ 12,227	\$ 19,349
Total Pension Liability - Beginning	326,808	314,581	295,232
Total Pension Liability - Ending (a)	<u>\$ 346,442</u>	<u>\$ 326,808</u>	<u>\$ 314,581</u>
Plan Fiduciary Net Position			
Contribution - employer	\$ 15,938	\$ 15,677	\$ 19,604
Contribution - employee	3,801	3,634	4,186
Net investment income	1,347	5,653	35,985
Benefit payments, including refunds of employee contributions	(14,031)	(12,552)	(11,398)
Net plan to plan resource movement	-	(1)	-
Administrative expense	(156)	(288)	-
Net Change in Fiduciary Net Position	\$ 6,899	\$ 12,123	\$ 48,377
Plan Fiduciary Net Position - Beginning	255,617	243,494	195,117
Plan Fiduciary Net Position - Ending (b)	<u>\$ 262,516</u>	<u>\$ 255,617</u>	<u>\$ 243,494</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 83,926</u>	<u>\$ 71,191</u>	<u>\$ 71,087</u>
Plan fiduciary net position as a percentage of the total pension liability funded status	75.77%	78.22%	77.40%
Covered payroll	\$ 49,344	\$ 46,821	\$ 43,710
Plan net pension liability/(asset) as a percentage of covered payroll	170.08%	152.05%	162.63%

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only three years are shown.

Notes to Schedule

Benefit Changes: There were no changes to benefits.

Changes in Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expenses). In 2014, amounts reported were based on the 7.50 percent discount rate.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

CalPERS Defined Benefit Pension Plan for Miscellaneous Employees (Continued)

Schedule of Plan Contributions
Last Ten Fiscal Years ⁽¹⁾

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 12,687	\$ 12,082	\$ 11,677
Contribution in relation to the actuarially determined contribution	<u>(16,687)</u>	<u>(16,082)</u>	<u>(15,677)</u>
Contribution deficiency (excess)	<u>\$ (4,000)</u>	<u>\$ (4,000)</u>	<u>\$ (4,000)</u>
Covered payroll	\$ 55,877	\$ 49,344	\$ 46,821
Contributions as a percentage of covered payroll	29.86%	32.59%	33.48%

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only three years are shown.

Notes to Schedule of Plan Contributions:

Valuation date: June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Gains and losses amortized over a fixed 30-year period with the increases or decreases in the rate phased in over a 5-year period.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.65% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

Schedule of Funding Progress – Other Post Employment Benefit Plan

Provided below is the Schedule of Funding Progress for the City of Irvine's Other Post Employment Benefit Plan:

Schedule of Funding Progress
For the Three Years Ended June 30, 2017

Actuarial Valuation Date *	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (AVA) (B)	Unfunded AAL (UAAL) (A-B)	Funded Ratio (B)/(A)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (A-B)/C
7/1/2012	5,407	-	5,407	0.00%	68,415	7.90%
7/1/2014	5,266	-	5,266	0.00%	71,384	7.38%
7/1/2016	5,484	-	5,484	0.00%	75,729	7.24%

*Most recent information available.



OTHER GOVERNMENTAL FUNDS

The combining statements for Other Governmental Funds represent a consolidation of the information for specific funds contained in the Supplementary Financial Statements. These statements summarize the financial information contained in Other Special Revenue Funds, Other Capital Projects Funds and the Permanent Fund.

City of Irvine
Combining Balance Sheet
Other Governmental Funds
June 30, 2017
(amounts expressed in thousands)

	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and investments	\$ 177,919	\$ 177,458	\$ 672	\$ 356,049
Receivables, net of allowances:				
Taxes	1,076	-	-	1,076
Accounts	869	-	-	869
Accrued interest	271	278	1	550
Escrow deposits	161	394	-	555
Prepaid items	20	-	-	20
Due from other funds	25,988	-	-	25,988
Due from other governments	910	204	-	1,114
Due from developers	-	23,498	-	23,498
Long-term notes receivable, net of allowances	10,281	-	-	10,281
Total Assets	<u>\$ 217,495</u>	<u>\$ 201,832</u>	<u>\$ 673</u>	<u>\$ 420,000</u>
LIABILITIES				
Accounts payable	\$ 3,832	\$ 1,233	\$ 2	\$ 5,067
Accrued liabilities	52	-	-	52
Due to other governments	10	-	-	10
Retention payable	-	414	-	414
Deposits	90	-	-	90
Unearned revenue	2,618	100	-	2,718
Total Liabilities	<u>6,602</u>	<u>1,747</u>	<u>2</u>	<u>8,351</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	5,990	195	-	6,185
Total Deferred Inflows of Resources	<u>5,990</u>	<u>195</u>	<u>-</u>	<u>6,185</u>
Nonspendable	20	-	498	518
Restricted	182,745	184,804	173	367,722
Committed	24,667	12,689	-	37,356
Assigned	-	2,397	-	2,397
Unassigned	(2,529)	-	-	(2,529)
Total Fund Balances	<u>204,903</u>	<u>199,890</u>	<u>671</u>	<u>405,464</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 217,495</u>	<u>\$ 201,832</u>	<u>\$ 673</u>	<u>\$ 420,000</u>

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
REVENUES				
Taxes	\$ 25,978	\$ -	\$ -	\$ 25,978
Investment income	550	(64)	-	486
Intergovernmental	6,623	561	-	7,184
Charges for services	2,910	1,006	-	3,916
Revenue from developers	12,085	24,242	-	36,327
Special Assessments	8,611	-	-	8,611
Donations	492	-	39	531
Other revenue	126	-	-	126
Total Revenues	<u>57,375</u>	<u>25,745</u>	<u>39</u>	<u>83,159</u>
EXPENDITURES				
Current:				
General Government	140	38	-	178
Public Safety	2,077	-	-	2,077
Public Works	21,001	272	-	21,273
Community Development	6,925	196	-	7,121
Community Services	1,003	-	33	1,036
Capital outlay	5,958	10,156	-	16,114
Total Expenditures	<u>37,104</u>	<u>10,662</u>	<u>33</u>	<u>47,799</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,271</u>	<u>15,083</u>	<u>6</u>	<u>35,360</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	44,406	4,095	-	48,501
Transfers out	(27,909)	(16,666)	-	(44,575)
Total Other Financing Sources (Uses)	<u>16,497</u>	<u>(12,571)</u>	<u>-</u>	<u>3,926</u>
Net Change in Fund Balances	36,768	2,512	6	39,286
Fund Balances, Beginning	<u>168,135</u>	<u>197,378</u>	<u>665</u>	<u>366,178</u>
Fund Balances, Ending	<u>\$ 204,903</u>	<u>\$ 199,890</u>	<u>\$ 671</u>	<u>\$ 405,464</u>



OTHER SPECIAL REVENUE FUNDS

Special Revenue Funds account for taxes and other revenues derived from specific taxes or other earmarked revenue sources that are set aside in accordance with law or administrative regulations for expenditures restricted for specified services. Special Revenue Funds include the following:

County Sales Tax Measure M - This fund accounts for the one-half percent sales tax authorized by the Measure M tax initiative within the County of Orange. Sales tax proceeds are distributed by formula to the cities for use, which is restricted solely to transportation planning and implementation activities.

State Gasoline Tax - This fund accounts for gasoline taxes received under Sections 2103, 2105, 2106, 2107 and 2107.5 of the Streets and Highways Code. These funds are utilized solely for street related purposes.

Systems Development - This fund accounts for a 1% tax imposed by City Ordinance on all new construction. Revenues are restricted for circulation and public facilities improvements.

Local Park Fees - This fund accounts for fees received under the Subdivision Map Act of the California State Constitution that requires developers to either contribute land or pay fees to provide recreational facilities within a development area.

Slurry Seal Fees - This fund accounts for developer construction fees to be utilized for the slurry seal of City streets that had wear and tear due to construction traffic.

Maintenance District - This fund accounts for City-wide street lighting and landscape maintenance costs, and the collection of assessments from property owners.

Air Quality Improvement - This fund accounts for receipts and disbursements made to reduce air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 under Section 44244.1 of the California Health and Safety Code.

Fees and Exactions - This fund accounts for the collection of fees imposed on developers and property owners for future capital improvement projects from which they will receive a direct benefit.

Major Special Events - This fund accounts for a participant user fee for major events. The fees collected are applied to Public Safety costs incurred as a result of these events.

Shuttle - This fund accounts for the contributions for the Shuttle and the annual payment to the Orange County Transportation Authority to operate the Shuttle on the City's behalf.

Irvine Community Land Trust - This fund accounts for the activities of the 501(C)(3) created for the purpose of assisting the City in securing low income housing for its residents.

Grants - This fund accounts for a variety of local, state and federal grants.

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2017
(amount expressed in thousands)
Page 1 of 4

	<u>County Sales Tax Measure M</u>	<u>State Gasoline Tax</u>	<u>Systems Development</u>
ASSETS			
Cash and investments	\$ 1,344	\$ 11,526	\$ 21,365
Receivables, net of allowances:			
Taxes	809	-	-
Accounts	-	-	-
Accrued interest	6	18	37
Escrow deposits	-	-	-
Prepaid items	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Long-term notes receivable, net of allowances	-	-	-
Total Assets	<u>\$ 2,159</u>	<u>\$ 11,544</u>	<u>\$ 21,402</u>
Accounts payable	\$ -	\$ 282	\$ -
Accrued liabilities	-	-	-
Due to other governments	-	-	-
Deposits	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>-</u>	<u>282</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	2,159	11,262	-
Committed	-	-	21,402
Unassigned	-	-	-
Total Fund Balances	<u>2,159</u>	<u>11,262</u>	<u>21,402</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 2,159</u>	<u>\$ 11,544</u>	<u>\$ 21,402</u>

- continued -

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2017
(amount expressed in thousands)
Page 2 of 4

	Local Park Fees	Slurry Seal Fees	Maintenance District
ASSETS			
Cash and investments	\$ 110,984	\$ 1,576	\$ 3,418
Receivables, net of allowances:			
Taxes	-	-	113
Accounts	-	846	-
Accrued interest	176	2	5
Escrow deposits	-	-	-
Prepaid items	-	-	-
Due from other funds	-	-	19
Due from other governments	-	1	15
Long-term notes receivable, net of allowances	-	-	-
Total Assets	\$ 111,160	\$ 2,425	\$ 3,570
Accounts payable	\$ -	\$ 1,186	\$ 1,952
Accrued liabilities	-	-	-
Due to other governments	-	-	-
Deposits	-	-	-
Unearned revenue	-	-	-
Total Liabilities	-	1,186	1,952
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	111,160	-	-
Committed	-	1,239	1,618
Unassigned	-	-	-
Total Fund Balances	111,160	1,239	1,618
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	\$ 111,160	\$ 2,425	\$ 3,570

- continued -

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2017
(amount expressed in thousands)
Page 3 of 4

	Air Quality Improvement	Fees and Exactions	Major Special Events
ASSETS			
Cash and investments	\$ 543	\$ 12,372	\$ 67
Receivables, net of allowances:			
Taxes	-	154	-
Accounts	-	-	22
Accrued interest	1	20	-
Escrow deposits	-	-	-
Prepaid items	-	-	-
Due from other funds	-	-	-
Due from other governments	84	-	-
Long-term notes receivable, net of allowances	-	462	-
Total Assets	<u>\$ 628</u>	<u>\$ 13,008</u>	<u>\$ 89</u>
Accounts payable	\$ -	\$ 71	\$ -
Accrued liabilities	-	-	-
Due to other governments	-	-	-
Deposits	-	81	-
Unearned revenue	-	2,618	-
Total Liabilities	<u>-</u>	<u>2,770</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	462	-
Total Deferred Inflows of Resources	<u>-</u>	<u>462</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	628	11,986	-
Committed	-	319	89
Unassigned	-	(2,529)	-
Total Fund Balances	<u>628</u>	<u>9,776</u>	<u>89</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 628</u>	<u>\$ 13,008</u>	<u>\$ 89</u>

- continued -

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2017
(amount expressed in thousands)
Page 4 of 4

	<u>iShuttle</u>	<u>Irvine Community Land Trust</u>	<u>Grants</u>	<u>Total Other Special Revenue Funds</u>
ASSETS				
Cash and investments	\$ 820	\$ 10,368	\$ 3,536	\$ 177,919
Receivables, net of allowances:				
Taxes	-	-	-	1,076
Accounts	-	-	1	869
Accrued interest	1	-	5	271
Escrow deposits	-	-	161	161
Prepaid items	-	20	-	20
Due from other funds	-	25,969	-	25,988
Due from other governments	-	-	810	910
Long-term notes receivable, net of allowances	-	4,394	5,425	10,281
Total Assets	\$ 821	\$ 40,751	\$ 9,938	\$ 217,495
Accounts payable	\$ -	\$ -	\$ 341	\$ 3,832
Accrued liabilities	3	48	1	52
Due to other governments	-	-	10	10
Deposits	-	9	-	90
Unearned revenue	-	-	-	2,618
Total Liabilities	3	57	352	6,602
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	5,528	5,990
Total Deferred Inflows of Resources	-	-	5,528	5,990
FUND BALANCES (DEFICITS)				
Nonspendable	-	20	-	20
Restricted	818	40,674	4,058	182,745
Committed	-	-	-	24,667
Unassigned	-	-	-	(2,529)
Total Fund Balances	818	40,694	4,058	204,903
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	\$ 821	\$ 40,751	\$ 9,938	\$ 217,495

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 1 of 4

	County Sales Tax Measure M	State Gasoline Tax	Systems Development
REVENUES			
Taxes	\$ 4,559	\$ 4,930	\$ 12,976
Investment income	2	11	(5)
Intergovernmental	-	-	-
Charges for services	-	-	-
Revenue from developers	-	-	-
Special assessments	-	-	-
Donations	-	-	-
Other revenue	-	-	-
Total Revenues	4,561	4,941	12,971
EXPENDITURES			
Current:			
General Government	30	27	-
Public Safety	-	-	-
Public Works	73	1,210	-
Community Development	-	-	-
Community Services	-	-	-
Capital outlay	-	-	-
Total Expenditures	103	1,237	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,458	3,704	12,971
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	448
Transfers out	(7,577)	(3,113)	(11,435)
Total Other Financing Sources (Uses)	(7,577)	(3,113)	(10,987)
Net Change in Fund Balances	(3,119)	591	1,984
Fund Balances, Beginning	5,278	10,671	19,418
Fund Balances, Ending	\$ 2,159	\$ 11,262	\$ 21,402

- continued -

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 2 of 4

	Local Park Fees	Slurry Seal Fees	Maintenance District
REVENUES			
Taxes	\$ -	\$ -	\$ 2,904
Investment income	248	1	1
Intergovernmental	-	-	-
Charges for services	-	349	109
Revenue from developers	12,085	-	-
Special assessments	-	-	8,611
Donations	-	-	-
Other revenue	-	-	126
Total Revenues	<u>12,333</u>	<u>350</u>	<u>11,751</u>
EXPENDITURES			
Current:			
General Government	-	3	62
Public Safety	-	-	-
Public Works	-	217	16,719
Community Development	-	-	-
Community Services	-	-	-
Capital outlay	-	5,958	-
Total Expenditures	<u>-</u>	<u>6,178</u>	<u>16,781</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,333</u>	<u>(5,828)</u>	<u>(5,030)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	32,180	5,592	6,150
Transfers out	(5,339)	-	-
Total Other Financing Sources (Uses)	<u>26,841</u>	<u>5,592</u>	<u>6,150</u>
Net Change in Fund Balances	39,174	(236)	1,120
Fund Balances, Beginning	<u>71,986</u>	<u>1,475</u>	<u>498</u>
Fund Balances, Ending	<u>\$ 111,160</u>	<u>\$ 1,239</u>	<u>\$ 1,618</u>

- continued -

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 3 of 4

	<u>Air Quality Improvement</u>	<u>Fees and Exactions</u>	<u>Major Special Events</u>
REVENUES			
Taxes	\$ -	\$ 609	\$ -
Investment income	-	58	-
Intergovernmental	330	-	-
Charges for services	-	1,089	1,016
Revenue from developers	-	-	-
Special assessments	-	-	-
Donations	-	-	-
Other revenue	-	-	-
Total Revenues	<u>330</u>	<u>1,756</u>	<u>1,016</u>
EXPENDITURES			
Current:			
General Government	7	-	-
Public Safety	89	-	975
Public Works	95	466	-
Community Development	-	1,553	-
Community Services	-	-	-
Capital outlay	-	-	-
Total Expenditures	<u>191</u>	<u>2,019</u>	<u>975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>139</u>	<u>(263)</u>	<u>41</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(396)	-	(49)
Total Other Financing Sources (Uses)	<u>(396)</u>	<u>-</u>	<u>(49)</u>
Net Change in Fund Balances	(257)	(263)	(8)
Fund Balances, Beginning	<u>885</u>	<u>10,039</u>	<u>97</u>
Fund Balances, Ending	<u>\$ 628</u>	<u>\$ 9,776</u>	<u>\$ 89</u>

- continued -

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 4 of 4

	iShuttle	Irvine Community Land Trust	Grants	Total Other Special Revenue Funds
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 25,978
Investment income	(6)	240	-	550
Intergovernmental	-	1,552	4,741	6,623
Charges for services	-	120	227	2,910
Revenue from developers	-	-	-	12,085
Special assessments	-	-	-	8,611
Donations	57	-	435	492
Other revenue	-	-	-	126
Total Revenues	<u>51</u>	<u>1,912</u>	<u>5,403</u>	<u>57,375</u>
EXPENDITURES				
Current:				
General Government	-	-	11	140
Public Safety	-	-	1,013	2,077
Public Works	2,069	-	152	21,001
Community Development	-	3,420	1,952	6,925
Community Services	-	-	1,003	1,003
Capital outlay	-	-	-	5,958
Total Expenditures	<u>2,069</u>	<u>3,420</u>	<u>4,131</u>	<u>37,104</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,018)</u>	<u>(1,508)</u>	<u>1,272</u>	<u>20,271</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	36	-	-	44,406
Transfers out	-	-	-	(27,909)
Total Other Financing Sources (Uses)	<u>36</u>	<u>-</u>	<u>-</u>	<u>16,497</u>
Net Change in Fund Balances	(1,982)	(1,508)	1,272	36,768
Fund Balances, Beginning	<u>2,800</u>	<u>42,202</u>	<u>2,786</u>	<u>168,135</u>
Fund Balances, Ending	<u>\$ 818</u>	<u>\$ 40,694</u>	<u>\$ 4,058</u>	<u>\$ 204,903</u>

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
County Sales Tax Measure M
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,543	\$ 4,543	\$ 4,559	\$ 16
Investment income	15	15	2	(13)
Total Revenues	4,558	4,558	4,561	3
EXPENDITURES				
Current:				
General Government	38	38	30	8
Public Works	276	276	73	203
Total Expenditures	314	314	103	211
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,244	4,244	4,458	214
Transfers out	(8,361)	(9,318)	(7,577)	1,741
Total Other Financing Sources (Uses)	(8,361)	(9,318)	(7,577)	1,741
Net Change in Fund Balances	(4,117)	(5,074)	(3,119)	1,955
Fund Balances, Beginning	5,278	5,278	5,278	-
Fund Balances, Ending	\$ 1,161	\$ 204	\$ 2,159	\$ 1,955

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
State Gasoline Tax
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,104	\$ 5,104	\$ 4,930	\$ (174)
Investment income	49	49	11	(38)
Total Revenues	5,153	5,153	4,941	(212)
EXPENDITURES				
Current:				
General Government	33	33	27	6
Public Works	1,650	1,650	1,210	440
Total Expenditures	1,683	1,683	1,237	446
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,470	3,470	3,704	234
OTHER FINANCING SOURCES (USES)				
Transfers out	(12,976)	(9,584)	(3,113)	6,471
Total Other Financing Sources (Uses)	(12,976)	(9,584)	(3,113)	6,471
Net Change in Fund Balances	(9,506)	(6,114)	591	6,705
Fund Balances, Beginning	10,671	10,671	10,671	-
Fund Balances, Ending	\$ 1,165	\$ 4,557	\$ 11,262	\$ 6,705

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Systems Development
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 12,200	\$ 12,200	\$ 12,976	\$ 776
Investment income	178	178	(5)	(183)
Total Revenues	<u>12,378</u>	<u>12,378</u>	<u>12,971</u>	<u>593</u>
EXPENDITURES				
Current:				
Public Works	400	400	-	400
Total Expenditures	<u>400</u>	<u>400</u>	<u>-</u>	<u>400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,978</u>	<u>11,978</u>	<u>12,971</u>	<u>993</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	448	448	-
Transfers out	(14,200)	(11,435)	(11,435)	-
Total Other Financing Sources (Uses)	<u>(14,200)</u>	<u>(10,987)</u>	<u>(10,987)</u>	<u>-</u>
Net Change in Fund Balances	(2,222)	991	1,984	993
Fund Balances, Beginning	<u>19,418</u>	<u>19,418</u>	<u>19,418</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 17,196</u>	<u>\$ 20,409</u>	<u>\$ 21,402</u>	<u>\$ 993</u>

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Local Park Fees
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 662	\$ 662	\$ 248	\$ (414)
Revenue from developers	7,614	7,614	12,085	4,471
Total Revenues	8,276	8,276	12,333	4,057
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,276	8,276	12,333	4,057
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	32,180	32,180
Transfers out	(14,207)	(14,299)	(5,339)	8,960
Total Other Financing Sources (Uses)	(14,207)	(14,299)	26,841	41,140
Net Change in Fund Balances	(5,931)	(6,023)	39,174	45,197
Fund Balances, Beginning	71,986	71,986	71,986	-
Fund Balances, Ending	\$ 66,055	\$ 65,963	\$ 111,160	\$ 45,197

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Slurry Seal Fees
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 8	\$ 8	\$ 1	\$ (7)
Charges for services	304	304	349	45
Total Revenues	312	312	350	38
EXPENDITURES				
Current:				
General Government	11	11	3	8
Public Works	61	61	217	(156)
Capital outlay	7,928	7,928	5,958	1,970
Total Expenditures	8,000	8,000	6,178	1,822
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,688)	(7,688)	(5,828)	1,860
OTHER FINANCING SOURCES (USES)				
Transfers in	9,055	5,592	5,592	-
Transfers out	(558)	(558)	-	558
Total Other Financing Sources (Uses)	8,497	5,034	5,592	558
Net Change in Fund Balances	809	(2,654)	(236)	2,418
Fund Balances, Beginning	1,475	1,475	1,475	-
Fund Balances, Ending	\$ 2,284	\$ (1,179)	\$ 1,239	\$ 2,418

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Maintenance District
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,836	\$ 2,836	\$ 2,904	\$ 68
Investment income	-	-	1	1
Charges for services	103	103	109	6
Special assessments	8,359	8,359	8,611	252
Other revenue	-	-	126	126
Total Revenues	11,298	11,298	11,751	453
EXPENDITURES				
Current:				
General Government	87	87	62	25
Public Works	17,664	17,664	16,719	945
Total Expenditures	17,751	17,751	16,781	970
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,453)	(6,453)	(5,030)	1,423
OTHER FINANCING SOURCES (USES)				
Transfers in	6,131	6,131	6,150	19
Total Other Financing Sources (Uses)	6,131	6,131	6,150	19
Net Change in Fund Balances	(322)	(322)	1,120	1,442
Fund Balances, Beginning	498	498	498	-
Fund Balances, Ending	\$ 176	\$ 176	\$ 1,618	\$ 1,442

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Air Quality Improvement
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 7	\$ 7	\$ -	\$ (7)
Intergovernmental	300	300	330	30
Total Revenues	307	307	330	23
EXPENDITURES				
Current:				
General Government	6	6	7	(1)
Public Safety	-	-	89	(89)
Public Works	270	270	95	175
Total Expenditures	276	276	191	85
Excess (Deficiency) of Revenues	31	31	139	108
OTHER FINANCING SOURCES (USES)				
Transfers out	(540)	(760)	(396)	364
Total Other Financing Sources (Uses)	(540)	(760)	(396)	364
Net Change in Fund Balances	(509)	(729)	(257)	472
Fund Balances, Beginning	885	885	885	-
Fund Balances, Ending	\$ 376	\$ 156	\$ 628	\$ 472

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Fees and Exactions
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 640	\$ 640	\$ 609	\$ (31)
Investment income	140	140	58	(82)
Charges for services	-	-	1,089	1,089
Total Revenues	780	780	1,756	976
EXPENDITURES				
Current:				
Public Works	560	560	466	94
Community Development	-	1,552	1,553	(1)
Total Expenditures	560	2,112	2,019	93
Excess (Deficiency) of Revenues Over (Under) Expenditures	220	(1,332)	(263)	1,069
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	3,999	3,999	-	(3,999)
Transfers out	(4,183)	(4,183)	-	4,183
Total Other Financing Sources (Uses)	(184)	(184)	-	184
Net Change in Fund Balances	36	(1,516)	(263)	1,253
Fund Balances, Beginning	10,039	10,039	10,039	-
Fund Balances, Ending	\$ 10,075	\$ 8,523	\$ 9,776	\$ 1,253

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Major Special Events
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 972	\$ 972	\$ 1,016	\$ 44
Total Revenues	972	972	1,016	44
EXPENDITURES				
Current:				
Public Safety	924	924	975	(51)
Total Expenditures	924	924	975	(51)
Excess (Deficiency) of Revenues Over (Under) Expenditures	48	48	41	(7)
OTHER FINANCING SOURCES (USES)				
Transfers out	(49)	(49)	(49)	-
Total Other Financing Sources (Uses)	(49)	(49)	(49)	-
Net Change in Fund Balances	(1)	(1)	(8)	(7)
Fund Balances, Beginning	97	97	97	-
Fund Balances, Ending	\$ 96	\$ 96	\$ 89	\$ (7)

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Shuttle
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 2	\$ 2	\$ (6)	\$ (8)
Donations	87	87	57	(30)
Total Revenues	89	89	51	(38)
EXPENDITURES				
Current:				
Public Works	2,271	2,271	2,069	202
Total Expenditures	2,271	2,271	2,069	202
Excess (Deficiency) of Revenues over (under) Expenditures	(2,182)	(2,182)	(2,018)	164
OTHER FINANCING SOURCES (USES)				
Transfers in	91	91	36	(55)
Total Other Financing Sources (Uses)	91	91	36	(55)
Net Change in Fund Balances	(2,091)	(2,091)	(1,982)	109
Fund Balances, Beginning	2,800	2,800	2,800	-
Fund Balances, Ending	\$ 709	\$ 709	\$ 818	\$ 109

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Irvine Community Land Trust
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 240	\$ 240
Intergovernmental	750	750	1,552	802
Charges for services	165	165	120	(45)
Total Revenues	\$ 915	\$ 915	\$ 1,912	\$ 997
EXPENDITURES				
Current:				
Community Development	3,761	3,761	3,420	341
Total Expenditures	3,761	3,761	3,420	341
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,846)	(2,846)	(1,508)	1,338
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(2,846)	(2,846)	(1,508)	1,338
Fund Balances, Beginning	42,202	42,202	42,202	-
Fund Balances, Ending	\$ 39,356	\$ 39,356	\$ 40,694	\$ 1,338

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Grants
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 16	\$ 16	\$ -	\$ (16)
Intergovernmental	5,945	6,275	4,741	(1,534)
Charges for services	216	216	227	11
Donations	378	378	435	57
Total Revenues	6,555	6,885	5,403	(1,482)
EXPENDITURES				
Current:				
General Government	62	62	11	51
Public Safety	2,664	2,994	1,013	1,981
Public Works	860	860	152	708
Community Development	3,070	3,070	1,952	1,118
Community Services	1,400	1,400	1,003	397
Total Expenditures	8,056	8,386	4,131	4,255
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,501)	(1,501)	1,272	2,773
OTHER FINANCING SOURCES (USES)				
Transfers out	(289)	(289)	-	289
Total Other Financing Sources (Uses)	(289)	(289)	-	289
Net Change in Fund Balances	(1,790)	(1,790)	1,272	3,062
Fund Balances, Beginning	2,786	2,786	2,786	-
Fund Balances, Ending	\$ 996	\$ 996	\$ 4,058	\$ 3,062



OTHER CAPITAL PROJECTS FUNDS

Other Capital Projects Funds are used for the construction of infrastructure and public facility improvements within the City and because of their complexity, typically require more than one budgetary cycle to complete. Other Capital Projects Funds include the following:

Park Development - This fund accounts for receipts and disbursement of monies used for development and construction of non-circulation projects such as parks and public facilities within the City.

Irvine Business Complex – This fund accounts for related capital project activities and fee revenue generated by development within the Irvine Business Complex.

North Irvine Transportation Mitigation Program (NITM) - This fund accounts for the financial transaction related to traffic and transportation improvements identified in the Comprehensive NITM Traffic Study in connection with land use entitlements for the City's northern sphere planning areas.

City of Irvine
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2017
(amounts expressed in thousands)

	Park Development	Irvine Business Complex	North Irvine Transportation Mitigation	Total Other Capital Projects Funds
ASSETS				
Cash and investments	\$ 16,267	\$ 83,362	\$ 77,829	\$ 177,458
Receivables, net of allowances:				
Accrued interest	25	134	119	278
Escrow deposits	394	-	-	394
Due from other governments	133	71	-	204
Due from developers	-	-	23,498	23,498
Total Assets	<u>\$ 16,819</u>	<u>\$ 83,567</u>	<u>\$ 101,446</u>	<u>\$ 201,832</u>
LIABILITIES				
Accounts payable	\$ 1,086	\$ 105	\$ 42	\$ 1,233
Retentions payable	414	-	-	414
Unearned revenue	100	-	-	100
Total Liabilities	<u>1,600</u>	<u>105</u>	<u>42</u>	<u>1,747</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	133	62	-	195
Total Deferred Inflows of Resources	<u>133</u>	<u>62</u>	<u>-</u>	<u>195</u>
FUND BALANCES (DEFICITS)				
Restricted	-	83,400	101,404	184,804
Committed	12,689	-	-	12,689
Assigned	2,397	-	-	2,397
Total Fund Balances	<u>15,086</u>	<u>83,400</u>	<u>101,404</u>	<u>199,890</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 16,819</u>	<u>\$ 83,567</u>	<u>\$ 101,446</u>	<u>\$ 201,832</u>

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Capital Projects Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	<u>Park Development</u>	<u>Irvine Business Complex</u>	<u>North Irvine Transportation Mitigation</u>	<u>Total Other Capital Projects Funds</u>
REVENUES				
Investment income	\$ (183)	\$ 69	\$ 50	\$ (64)
Intergovernmental	552	9	-	561
Charges for services	1,006	-	-	1,006
Revenue from developers	-	10,057	14,185	24,242
Total Revenues	<u>1,375</u>	<u>10,135</u>	<u>14,235</u>	<u>25,745</u>
EXPENDITURES				
Current:				
General Government	17	12	9	38
Public Works	140	92	40	272
Community Development	12	183	1	196
Capital outlay	9,305	390	461	10,156
Total Expenditures	<u>9,474</u>	<u>677</u>	<u>511</u>	<u>10,662</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,099)</u>	<u>9,458</u>	<u>13,724</u>	<u>15,083</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,095	-	-	4,095
Transfers out	(16,182)	(36)	(448)	(16,666)
Total Other Financing Sources (Uses)	<u>(12,087)</u>	<u>(36)</u>	<u>(448)</u>	<u>(12,571)</u>
Net Change in Fund Balances	(20,186)	9,422	13,276	2,512
Fund Balances, Beginning	<u>35,272</u>	<u>73,978</u>	<u>88,128</u>	<u>197,378</u>
Fund Balances, Ending	<u>\$ 15,086</u>	<u>\$ 83,400</u>	<u>\$ 101,404</u>	<u>\$ 199,890</u>



PERMANENT FUND

Permanent fund accounts for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Senior Services - This fund accounts for adult day health services and senior citizen programs which are funded from interest earnings and additional donations.

City of Irvine
Balance Sheet
Permanent Fund
June 30, 2017
 (amounts expressed in thousands)

	Senior Services Fund
ASSETS	
Cash and investments	\$ 672
Receivables, net of allowances:	
Accrued interest	1
Total Assets	\$ 673
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	2
Total Liabilities	2
Fund Balances:	
Nonspendable	498
Restricted	173
Total Fund Balances	671
Total Liabilities and Fund Balances	\$ 673

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Permanent Fund
For the Fiscal Year Ended June 30, 2017
 (amounts expressed in thousands)

	Senior Services Fund
REVENUES	
Donations	\$ 39
Total Revenues	39
 EXPENDITURES	
Current:	
Community Services	33
Total Expenditures	33
Excess (Deficiency) of Revenues Over (Under) Expenditures	6
 OTHER FINANCING SOURCES (USES)	
Total Other Financing Sources (Uses)	-
Net Change in Fund Balances	6
Fund Balances, Beginning	665
Fund Balances, Ending	\$ 671

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Senior Services
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 1	\$ 1	\$ -	\$ (1)
Donations	25	25	39	14
Total Revenues	<u>26</u>	<u>26</u>	<u>39</u>	<u>13</u>
EXPENDITURES				
Current:				
Community Services	91	91	33	58
Total Expenditures	<u>91</u>	<u>91</u>	<u>33</u>	<u>58</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(65)</u>	<u>(65)</u>	<u>6</u>	<u>71</u>
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(65)	(65)	6	71
Fund Balances, Beginning	<u>665</u>	<u>665</u>	<u>665</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 671</u>	<u>\$ 71</u>





INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for operations that provide services to other departments of the City on a cost reimbursement basis. Internal Service Funds include the following:

Self-Insurance - This fund accounts for payments made for insurance services relative to workers' compensation, general liability, automotive coverage and to maintain a sinking fund for future claims.

Equipment and Services - This fund accounts for fleet and central services, as well as equipment replacement.

Inventory - This fund accounts for the warehousing of the City's central supplies and their distribution to operating departments.

City of Irvine
Combining Statement of Net Position
Internal Service Funds
June 30, 2017
(amounts expressed in thousands)

	Self- Insurance	Equipment and Services	Inventory	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 19,178	\$ 15,998	\$ 130	\$ 35,306
Receivables, net of allowances:				
Accounts	36	67	-	103
Accrued interest	31	27	-	58
Prepaid items	-	272	-	272
Inventories	-	-	95	95
Due from other governments	-	7	-	7
Total Current Assets	19,245	16,371	225	35,841
Noncurrent Assets:				
Capital assets:				
Equipment	20	24,144	-	24,164
Less accumulated depreciation	(20)	(16,431)	-	(16,451)
Total Noncurrent Assets	-	7,713	-	7,713
Total Assets	19,245	24,084	225	43,554
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	278	649	-	927
Total Deferred Outflows of Resources	278	649	-	927
LIABILITIES				
Current Liabilities:				
Accounts payable	460	2,161	72	2,693
Accrued liabilities	36	1	-	37
Due to other governments	-	15	-	15
Compensated absences	18	38	-	56
Claims payable	3,729	-	-	3,729
Total Current Liabilities	4,243	2,215	72	6,530
Noncurrent Liabilities:				
Compensated absences	50	103	1	154
Claims payable	11,407	-	-	11,407
Net pension	755	1,762	-	2,517
Total Noncurrent Liabilities	12,212	1,865	1	14,078
Total Liabilities	16,455	4,080	73	20,608
DEFERRED INFLOWS OF RESOURCES				
Pension related items	32	74	-	106
Total Deferred Inflows of Resources	32	74	-	106
NET POSITION				
Net investment in capital assets	-	7,713	-	7,713
Unrestricted	3,036	12,866	152	16,054
Total Net Position	\$ 3,036	\$ 20,579	\$ 152	\$ 23,767

City of Irvine
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Self- Insurance	Equipment and Services	Inventory	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 4,173	\$ 21,299	\$ 323	\$ 25,795
Intergovernmental	-	30	-	30
Other	-	60	-	60
Total Operating Revenues	<u>4,173</u>	<u>21,389</u>	<u>323</u>	<u>25,885</u>
OPERATING EXPENSES				
Salaries and benefits	713	2,377	5	3,095
Supplies and equipment	44	6,548	316	6,908
Contract services	458	6,508	-	6,966
Administration	2	1,540	-	1,542
Self-insured losses	3,724	-	-	3,724
Insurance premiums	2,303	47	-	2,350
Depreciation	-	2,146	-	2,146
Total Operating Expenses	<u>7,244</u>	<u>19,166</u>	<u>321</u>	<u>26,731</u>
Operating Income (Loss)	<u>(3,071)</u>	<u>2,223</u>	<u>2</u>	<u>(846)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	5	29	-	34
Gain (loss) on disposal of equipment	-	(334)	-	(334)
Total Nonoperating Revenues	<u>5</u>	<u>(305)</u>	<u>-</u>	<u>(300)</u>
Income (Loss) Before Capital Contributions and Transfers	(3,066)	1,918	2	(1,146)
Capital contributions	-	369	-	369
Transfers in	-	198	-	198
Transfers out	-	(173)	-	(173)
Change in Net Position	<u>(3,066)</u>	<u>2,312</u>	<u>2</u>	<u>(752)</u>
Total Net Position, Beginning	<u>6,102</u>	<u>18,267</u>	<u>150</u>	<u>24,519</u>
Total Net Position, Ending	<u>\$ 3,036</u>	<u>\$ 20,579</u>	<u>\$ 152</u>	<u>\$ 23,767</u>

City of Irvine
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Self- Insurance	Equipment and Services	Inventory	Total Internal Service
Cash Flows From Operating Activities				
Received from customers and users	\$ 7	49	\$ -	\$ 56
Received from interfund services provided	4,173	21,299	323	25,795
Paid to suppliers and providers	(5,539)	(13,987)	(318)	(19,844)
Paid for salaries and benefits	(775)	(2,549)	(4)	(3,328)
Net Cash Provided (Used) by Operating Activities	<u>(2,134)</u>	<u>4,812</u>	<u>1</u>	<u>2,679</u>
Cash Flows From Non-Capital Financing Activities				
Transfers from other funds	-	198	-	198
Transfers to other funds	-	(173)	-	(173)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from sale of equipment	-	117	-	117
Equipment purchases	-	(2,687)	-	(2,687)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(2,570)</u>	<u>-</u>	<u>(2,570)</u>
Interest received on investments	(1)	18	-	17
Net Cash Provided (Used) by Investing Activities	<u>(1)</u>	<u>18</u>	<u>-</u>	<u>17</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,135)	2,285	1	151
Cash and Cash Equivalents, Beginning of Fiscal Year	21,313	13,713	129	35,155
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 19,178</u>	<u>\$ 15,998</u>	<u>\$ 130</u>	<u>\$ 35,306</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Cash Flows from Operating Activities				
Operating income (loss)	\$ (3,071)	\$ 2,223	\$ 2	\$ (846)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	2,146	-	2,146
(Increase) decrease in receivables, net of allowances	7	(41)	-	(34)
(Increase) decrease in prepaid items	-	(28)	-	(28)
(Increase) decrease in inventories	-	-	(14)	(14)
(Increase) decrease in deferred outflows	(133)	(311)	-	(444)
Increase (decrease) in accounts payable	421	696	12	1,129
Increase (decrease) in accrued liabilities	(20)	(66)	-	(86)
Increase (decrease) in due to other governments	-	7	-	7
Increase (decrease) in deposits	-	(20)	-	(20)
Increase (decrease) in deferred inflow	(34)	(81)	-	(115)
Increase (decrease) in compensated absences	15	20	1	36
Increase (decrease) in claims payable	567	-	-	567
Increase (decrease) in net pension	114	267	-	381
Total Adjustments	<u>937</u>	<u>2,589</u>	<u>(1)</u>	<u>3,525</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,134)</u>	<u>\$ 4,812</u>	<u>\$ 1</u>	<u>\$ 2,679</u>
Schedule of Non-Cash and Related Financing Activities				
Contribution of Capital Assets	\$ -	\$ 369	\$ -	\$ 369





FIDUCIARY FUNDS

Fiduciary Funds account for assets held by a governmental entity for other parties, as trustee or as an agent, which cannot be used to finance a governmental entities own operating programs. Fiduciary Funds include the following:

Pension and Employee Benefit Trust Funds - These funds account for resources held in trust for employees and their beneficiaries based on defined benefit pension agreements and defined contribution agreements.

Private-Purpose Trust Funds - These funds serve as custodian for the assets and liabilities of the Successor Agency Trust pending distribution to the appropriate taxing entities and the payment of enforceable obligations.

Agency Funds - These funds account for assets that are held in a custodial relationship. As assets are received, they may be temporarily invested and then remitted to individuals, private organizations, or other governments. One of these funds, the Interagency Custodial Fund, is used to account for cash seized by Public Safety and held until final disposition of the cases. The other agency funds primarily reflect amounts collected and remitted under the terms of the various assessment and community facility districts.

City of Irvine
Combining Statement of Fiduciary Net Position
Pension and Employee Benefit Trust Funds
June 30, 2017
(amount expressed in thousands)

	PENSION TRUST		Total Pension and Employee Benefit Trust Funds
	(December 31, 2016)		
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	
ASSETS			
Cash and cash equivalents	\$ 166	\$ -	\$ 166
Receivables, net of allowances:			
Employer contributions	3	4	7
Plan member contributions	2	2	4
Loans	-	51	51
Investments:			
Pooled funds	18,865	4,423	23,288
Mutual funds - closed end funds equity	175	-	175
Mutual funds - equity	-	3,396	3,396
Mutual funds - corporate bonds	-	649	649
Mutual funds - balanced	-	201	201
Wells Fargo funds - balanced	-	758	758
Total Assets	<u>19,211</u>	<u>9,484</u>	<u>28,695</u>
LIABILITIES			
Accounts payable and other accrued liabilities	-	6	6
Accrued liabilities	19	-	19
Total Liabilities	<u>19</u>	<u>6</u>	<u>25</u>
NET POSITION			
Held in trust for pension benefits	<u>19,192</u>	<u>9,478</u>	<u>28,670</u>
Total Net Position	<u>\$ 19,192</u>	<u>\$ 9,478</u>	<u>\$ 28,670</u>

City of Irvine
Combining Statement of Changes in Fiduciary Net Position
Pension and Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2017
(amount expressed in thousands)

	PENSION TRUST		Total Pension and Employee Benefit Trust Funds
	(December 31, 2016)		
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	
ADDITIONS			
Contributions:			
Employer	\$ 92	\$ 131	\$ 223
Plan members	40	50	90
Interest from participants' loan	-	3	3
Total Contributions	<u>132</u>	<u>184</u>	<u>316</u>
Investment income (loss):			
Interest and dividends	5	81	86
Net appreciation (depreciation) in fair value of investments	1,099	360	1,459
Total Investment Income	<u>1,104</u>	<u>441</u>	<u>1,545</u>
Less investment expenses	<u>(67)</u>	<u>(22)</u>	<u>(89)</u>
Net Investment Income	<u>1,037</u>	<u>419</u>	<u>1,456</u>
Total Additions	<u>1,169</u>	<u>603</u>	<u>1,772</u>
DEDUCTIONS			
Benefit payments	1,165	829	1,994
Administrative expenses	16	34	50
Total Deductions	<u>1,181</u>	<u>863</u>	<u>2,044</u>
Change in Net Position	(12)	(260)	(272)
Total Net Position, Beginning	<u>19,204</u>	<u>9,738</u>	<u>28,942</u>
Total Net Position, Ending	<u>\$ 19,192</u>	<u>\$ 9,478</u>	<u>\$ 28,670</u>

City of Irvine
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2017
(amounts expressed in thousands)

	<u>Successor Agency Debt Service</u>	<u>Redevelopment Obligation Retirement</u>	<u>Total Successor Agency Private-Purpose Trust Funds</u>
ASSETS			
Cash and investments	\$ 3,028	\$ 1,015	\$ 4,043
Due from other governments	259,691	-	259,691
Total Assets	<u>262,719</u>	<u>1,015</u>	<u>263,734</u>
LIABILITIES			
Accounts payable	-	42	42
Deposits	3,028	-	3,028
Advances from the City of Irvine	259,691	-	259,691
Total Liabilities	<u>262,719</u>	<u>42</u>	<u>262,761</u>
NET POSITION			
Held in trust for enforceable obligations	<u>-</u>	<u>973</u>	<u>973</u>
Total Net Position	<u>\$ -</u>	<u>\$ 973</u>	<u>\$ 973</u>

City of Irvine
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Successor Agency Debt Service	Redevelopment Obligation Retirement	Total Successor Agency Private-Purpose Trust Funds
ADDITIONS			
Taxes	\$ -	\$ 150	\$ 150
Total Additions	-	150	150
DEDUCTIONS			
Contract services	-	38	38
Administration	-	12	12
Total Deductions	-	50	50
Change in Net Position	-	100	100
Total Net Position, Beginning	-	873	873
Total Net Position, Ending	\$ -	\$ 973	\$ 973

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2017
(amounts expressed in thousands)
Page 1 of 6

	Eastwood Assessment District 13-25	Cypress Village Assessment District 11-24	Laguna Altura Assessment District 10-23	Stonegate Assessment District 07-22
ASSETS				
Cash and investments	\$ 3,525	\$ 4,117	\$ 1,465	\$ 5,772
Receivables, net of allowances:				
Taxes	-	77	14	41
Accounts	-	-	-	-
Accrued interest	4	7	1	2
Due from developers	-	-	-	-
Total Assets	<u>3,529</u>	<u>4,201</u>	<u>1,480</u>	<u>5,815</u>
LIABILITIES				
Accounts payable	13	14	-	20
Accrued liabilities	-	-	-	1
Due to bondholders	3,516	4,187	1,480	5,794
Due to other governments	-	-	-	-
Total Liabilities	<u>3,529</u>	<u>4,201</u>	<u>1,480</u>	<u>5,815</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2017
(amounts expressed in thousands)
Page 2 of 6

	Orchard Hills Reassessment District 05-21	Portola Springs Reassessment District 04-20	Woodbury Assessment District 03-19	Shady Canyon/ Turtle Ridge Assessment District 00-18
ASSETS				
Cash and investments	\$ 9,970	\$ 9,570	\$ 11	\$ 125
Receivables, net of allowances:				
Taxes	132	25	-	-
Accounts	26	-	-	-
Accrued interest	4	3	-	-
Due from developers	92	74	125	36
Total Assets	<u>10,224</u>	<u>9,672</u>	<u>136</u>	<u>161</u>
LIABILITIES				
Accounts payable	116	77	123	28
Accrued liabilities	-	-	-	-
Due to bondholders	10,108	9,595	13	133
Due to other governments	-	-	-	-
Total Liabilities	<u>10,224</u>	<u>9,672</u>	<u>136</u>	<u>161</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2017
(amounts expressed in thousands)
Page 3 of 6

	Irvine Spectrum Reassessment District 85-7	Irvine Spectrum Assessment District 87-8	Irvine Spectrum Assessment District 93-14	Oak Creek Assessment District 94-13
ASSETS				
Cash and investments	\$ -	\$ 204	\$ 6,865	\$ 251
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	15	-
Due from developers	101	50	137	54
Total Assets	<u>101</u>	<u>254</u>	<u>7,017</u>	<u>305</u>
LIABILITIES				
Accounts payable	87	44	122	51
Accrued liabilities	8	-	-	-
Due to bondholders	6	210	6,895	254
Due to other governments	-	-	-	-
Total Liabilities	<u>101</u>	<u>254</u>	<u>7,017</u>	<u>305</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2017
(amounts expressed in thousands)
Page 4 of 6

	Westpark II Assessment District 94-15	Northwest Assessment District 97-16	Lower Peters Canyon Assessment District 97-17	Reassessment District 12-1
ASSETS				
Cash and investments	\$ 1,467	\$ 478	\$ 469	\$ 20,574
Receivables, net of allowances:				
Taxes	-	-	-	157
Accounts	-	-	-	-
Accrued interest	-	-	1	20
Due from developers	18	79	91	-
Total Assets	<u>1,485</u>	<u>557</u>	<u>561</u>	<u>20,751</u>
LIABILITIES				
Accounts payable	15	75	86	-
Accrued liabilities	-	-	-	-
Due to bondholders	1,470	482	475	20,751
Due to other governments	-	-	-	-
Total Liabilities	<u>1,485</u>	<u>557</u>	<u>561</u>	<u>20,751</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2017
(amounts expressed in thousands)
Page 5 of 6

	<u>Reassessment District 13-1</u>	<u>Reassessment District 15-1</u>	<u>Reassessment District 15-2</u>	<u>CFD - Central Park 2004-1</u>
ASSETS				
Cash and investments	\$ 11,888	\$ 10,069	\$ 5,778	\$ 4,608
Receivables, net of allowances:				
Taxes	94	91	48	33
Accounts	-	-	-	-
Accrued interest	17	6	3	-
Due from developers	-	-	-	-
Total Assets	<u>11,999</u>	<u>10,166</u>	<u>5,829</u>	<u>4,641</u>
LIABILITIES				
Accounts payable	2	-	-	3
Accrued liabilities	-	-	-	-
Due to bondholders	11,997	10,166	5,829	4,638
Due to other governments	-	-	-	-
Total Liabilities	<u>11,999</u>	<u>10,166</u>	<u>5,829</u>	<u>4,641</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2017
(amounts expressed in thousands)
Page 6 of 6

	<u>CFD - Columbus Grove 2005-2</u>	<u>CFD - Great Park 2013-3</u>	<u>Inter-Agency Custodial Fund</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and investments	\$ 1,692	\$ 23,671	\$ 115	\$ 122,684
Receivables, net of allowances:				
Taxes	13	579	-	1,304
Accounts	-	2,076	-	2,102
Accrued interest	-	63	-	146
Due from developers	-	-	-	857
Total Assets	<u>1,705</u>	<u>26,389</u>	<u>115</u>	<u>127,093</u>
LIABILITIES				
Accounts payable	2	12	8	898
Accrued liabilities	-	-	-	9
Due to bondholders	1,703	24,302	-	124,004
Due to other governments	-	2,075	107	2,182
Total Liabilities	<u>1,705</u>	<u>26,389</u>	<u>115</u>	<u>127,093</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 1 of 8

	June 30, 2016 Balance	Additions	Deductions	June 30, 2017 Balance
Eastwood Assessment District 13-25				
ASSETS				
Cash and investments	\$ 4,818	\$ 64	\$ 1,357	\$ 3,525
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	4	-	4
Due from developers	-	-	-	-
Total Assets	<u>\$ 4,818</u>	<u>\$ 68</u>	<u>\$ 1,357</u>	<u>\$ 3,529</u>
LIABILITIES				
Accounts payable	\$ 1	\$ 16	\$ 4	\$ 13
Accrued liabilities	2	-	2	-
Due to bondholders	4,815	-	1,299	3,516
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 4,818</u>	<u>\$ 16</u>	<u>\$ 1,305</u>	<u>\$ 3,529</u>
Cypress Village Assessment District 11-24				
ASSETS				
Cash and investments	\$ 4,117	\$ 4,991	\$ 4,991	\$ 4,117
Receivables, net of allowances:				
Taxes	51	77	51	77
Accounts	-	-	-	-
Accrued interest	-	7	-	7
Due from developers	-	-	-	-
Total Assets	<u>\$ 4,168</u>	<u>\$ 5,075</u>	<u>\$ 5,042</u>	<u>\$ 4,201</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,500	\$ 2,486	\$ 14
Accrued liabilities	1	-	1	-
Due to bondholders	4,167	20	-	4,187
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 4,168</u>	<u>\$ 2,520</u>	<u>\$ 2,487</u>	<u>\$ 4,201</u>
Laguna Alta Assessment District 10-23				
ASSETS				
Cash and investments	\$ 1,476	\$ 1,767	\$ 1,778	\$ 1,465
Receivables, net of allowances:				
Taxes	-	14	-	14
Accounts	-	-	-	-
Accrued interest	-	1	-	1
Due from developers	-	-	-	-
Total Assets	<u>\$ 1,476</u>	<u>\$ 1,782</u>	<u>\$ 1,778</u>	<u>\$ 1,480</u>
LIABILITIES				
Accounts payable	\$ -	\$ 875	\$ 875	\$ -
Accrued liabilities	1	-	1	-
Due to bondholders	1,475	5	-	1,480
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 1,476</u>	<u>\$ 880</u>	<u>\$ 876</u>	<u>\$ 1,480</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 2 of 8

	June 30, 2016 Balance	Additions	Deductions	June 30, 2017 Balance
Stonegate Assessment District 07-22				
ASSETS				
Cash and investments	\$ 5,877	\$ 4,900	\$ 5,005	\$ 5,772
Receivables, net of allowances:				
Taxes	34	41	34	41
Accounts	-	-	-	-
Accrued interest	3	2	3	2
Due from developers	-	-	-	-
Total Assets	<u>\$ 5,914</u>	<u>\$ 4,943</u>	<u>\$ 5,042</u>	<u>\$ 5,815</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,474	\$ 2,454	\$ 20
Accrued liabilities	2	1	2	1
Due to bondholders	5,912	38	156	5,794
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 5,914</u>	<u>\$ 2,513</u>	<u>\$ 2,612</u>	<u>\$ 5,815</u>
Orchard Hills Reassessment District 05-21				
ASSETS				
Cash and investments	\$ 10,441	\$ 10,397	\$ 10,868	\$ 9,970
Receivables, net of allowances:				
Taxes	47	132	47	132
Accounts	-	26	-	26
Accrued interest	3	5	4	4
Due from developers	78	376	362	92
Total Assets	<u>\$ 10,569</u>	<u>\$ 10,936</u>	<u>\$ 11,281</u>	<u>\$ 10,224</u>
LIABILITIES				
Accounts payable	\$ 76	\$ 5,360	\$ 5,320	\$ 116
Accrued liabilities	1	-	1	-
Due to bondholders	10,492	65	449	10,108
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 10,569</u>	<u>\$ 5,425</u>	<u>\$ 5,770</u>	<u>\$ 10,224</u>
Portola Springs Reassessment District 04-20				
ASSETS				
Cash and investments	\$ 5,931	\$ 8,705	\$ 5,066	\$ 9,570
Receivables, net of allowances:				
Taxes	21	25	21	25
Accounts	-	64	64	-
Accrued interest	-	6	3	3
Due from developers	124	513	563	74
Total Assets	<u>\$ 6,076</u>	<u>\$ 9,313</u>	<u>\$ 5,717</u>	<u>\$ 9,672</u>
LIABILITIES				
Accounts payable	\$ 121	\$ 2,338	\$ 2,382	\$ 77
Accrued liabilities	4	-	4	-
Due to bondholders	5,951	4,451	807	9,595
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 6,076</u>	<u>\$ 6,789</u>	<u>\$ 3,193</u>	<u>\$ 9,672</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 3 of 8

	June 30, 2016 Balance	Additions	Deductions	June 30, 2017 Balance
Woodbury Assessment District 03-19				
ASSETS				
Cash and investments	\$ 23	\$ 538	\$ 550	\$ 11
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	116	504	495	125
Total Assets	<u>\$ 139</u>	<u>\$ 1,042</u>	<u>\$ 1,045</u>	<u>\$ 136</u>
LIABILITIES				
Accounts payable	\$ 101	\$ 507	\$ 485	\$ 123
Accrued liabilities	2	-	2	-
Due to bondholders	36	-	23	13
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 139</u>	<u>\$ 507</u>	<u>\$ 510</u>	<u>\$ 136</u>
Shady Canyon/Turtle Ridge Assessment District 00-18				
ASSETS				
Cash and investments	\$ 134	\$ 128	\$ 137	\$ 125
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	25	128	117	36
Total Assets	<u>\$ 159</u>	<u>\$ 256</u>	<u>\$ 254</u>	<u>\$ 161</u>
LIABILITIES				
Accounts payable	\$ 21	\$ 123	\$ 116	\$ 28
Accrued liabilities	-	-	-	-
Due to bondholders	138	-	5	133
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 159</u>	<u>\$ 123</u>	<u>\$ 121</u>	<u>\$ 161</u>
Irvine Spectrum Reassessment District 85-7				
ASSETS				
Cash and investments	\$ 11	\$ 402	\$ 413	\$ -
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	87	391	377	101
Total Assets	<u>\$ 98</u>	<u>\$ 793</u>	<u>\$ 790</u>	<u>\$ 101</u>
LIABILITIES				
Accounts payable	\$ 84	\$ 388	\$ 385	\$ 87
Accrued liabilities	-	8	-	8
Due to bondholders	14	-	8	6
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 98</u>	<u>\$ 396</u>	<u>\$ 393</u>	<u>\$ 101</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 4 of 8

	June 30, 2016 Balance	Additions	Deductions	June 30, 2017 Balance
Irvine Spectrum Assessment District 87-8				
ASSETS				
Cash and investments	\$ 237	\$ 199	\$ 232	\$ 204
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	39	186	175	50
Total Assets	<u>\$ 276</u>	<u>\$ 385</u>	<u>\$ 407</u>	<u>\$ 254</u>
LIABILITIES				
Accounts payable	\$ 34	\$ 187	\$ 177	\$ 44
Accrued liabilities	2	-	2	-
Due to bondholders	240	-	30	210
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 276</u>	<u>\$ 187</u>	<u>\$ 209</u>	<u>\$ 254</u>
Irvine Spectrum Assessment District 93-14				
ASSETS				
Cash and investments	\$ 6,830	\$ 702	\$ 667	\$ 6,865
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	15	-	15
Due from developers	132	603	598	137
Total Assets	<u>\$ 6,962</u>	<u>\$ 1,320</u>	<u>\$ 1,265</u>	<u>\$ 7,017</u>
LIABILITIES				
Accounts payable	\$ 130	\$ 592	\$ 600	\$ 122
Accrued liabilities	2	-	2	-
Due to bondholders	6,830	65	-	6,895
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 6,962</u>	<u>\$ 657</u>	<u>\$ 602</u>	<u>\$ 7,017</u>
Oak Creek Assessment District 94-13				
ASSETS				
Cash and investments	\$ 259	\$ 199	\$ 207	\$ 251
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	44	198	188	54
Total Assets	<u>\$ 303</u>	<u>\$ 397</u>	<u>\$ 395</u>	<u>\$ 305</u>
LIABILITIES				
Accounts payable	\$ 39	\$ 198	\$ 186	\$ 51
Accrued liabilities	1	-	1	-
Due to bondholders	263	-	9	254
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 303</u>	<u>\$ 198</u>	<u>\$ 196</u>	<u>\$ 305</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 5 of 8

	June 30, 2016 Balance	Additions	Deductions	June 30, 2017 Balance
Westpark II Assessment District 94-15				
ASSETS				
Cash and investments	\$ 1,467	\$ 114	\$ 114	\$ 1,467
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	12	64	58	18
Total Assets	<u>\$ 1,479</u>	<u>\$ 178</u>	<u>\$ 172</u>	<u>\$ 1,485</u>
LIABILITIES				
Accounts payable	\$ 9	\$ 61	\$ 55	\$ 15
Accrued liabilities	3	-	3	-
Due to bondholders	1,467	5	2	1,470
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 1,479</u>	<u>\$ 66</u>	<u>\$ 60</u>	<u>\$ 1,485</u>
Northwest Assessment District 97-16				
ASSETS				
Cash and investments	\$ 482	\$ 302	\$ 306	\$ 478
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	68	292	281	79
Total Assets	<u>\$ 550</u>	<u>\$ 594</u>	<u>\$ 587</u>	<u>\$ 557</u>
LIABILITIES				
Accounts payable	\$ 60	\$ 293	\$ 278	\$ 75
Accrued liabilities	2	-	2	-
Due to bondholders	488	-	6	482
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 550</u>	<u>\$ 293</u>	<u>\$ 286</u>	<u>\$ 557</u>
Lower Peters Canyon Assessment District 97-17				
ASSETS				
Cash and investments	\$ 476	\$ 589	\$ 596	\$ 469
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	1	-	1
Due from developers	91	364	364	91
Total Assets	<u>\$ 567</u>	<u>\$ 954</u>	<u>\$ 960</u>	<u>\$ 561</u>
LIABILITIES				
Accounts payable	\$ 77	\$ 469	\$ 460	\$ 86
Accrued liabilities	3	-	3	-
Due to bondholders	487	-	12	475
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 567</u>	<u>\$ 469</u>	<u>\$ 475</u>	<u>\$ 561</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 6 of 8

	June 30, 2016 Balance	Additions	Deductions	June 30, 2017 Balance
Reassessment District 12-1				
ASSETS				
Cash and investments	\$ 20,373	\$ 26,976	\$ 26,775	\$ 20,574
Receivables, net of allowances:				
Taxes	162	157	162	157
Accounts	-	-	-	-
Accrued interest	3	20	3	20
Due from developers	-	-	-	-
Total Assets	<u>\$ 20,538</u>	<u>\$ 27,153</u>	<u>\$ 26,940</u>	<u>\$ 20,751</u>
LIABILITIES				
Accounts payable	\$ -	\$ 13,468	\$ 13,468	\$ -
Accrued liabilities	1	-	1	-
Due to bondholders	20,537	214	-	20,751
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 20,538</u>	<u>\$ 13,682</u>	<u>\$ 13,469</u>	<u>\$ 20,751</u>
Reassessment District 13-1				
ASSETS				
Cash and investments	\$ 11,788	\$ 15,145	\$ 15,045	\$ 11,888
Receivables, net of allowances:				
Taxes	97	94	97	94
Accounts	-	-	-	-
Accrued interest	-	18	1	17
Due from developers	-	-	-	-
Total Assets	<u>\$ 11,885</u>	<u>\$ 15,257</u>	<u>\$ 15,143</u>	<u>\$ 11,999</u>
LIABILITIES				
Accounts payable	\$ -	\$ 7,586	\$ 7,584	\$ 2
Accrued liabilities	1	-	1	-
Due to bondholders	11,884	113	-	11,997
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 11,885</u>	<u>\$ 7,699</u>	<u>\$ 7,585</u>	<u>\$ 11,999</u>
Reassessment District 15-1				
ASSETS				
Cash and investments	\$ 9,924	\$ 12,825	\$ 12,680	\$ 10,069
Receivables, net of allowances:				
Taxes	81	91	81	91
Accounts	-	-	-	-
Accrued interest	1	6	1	6
Due from developers	-	-	-	-
Total Assets	<u>\$ 10,006</u>	<u>\$ 12,922</u>	<u>\$ 12,762</u>	<u>\$ 10,166</u>
LIABILITIES				
Accounts payable	\$ -	\$ 6,405	\$ 6,405	\$ -
Accrued liabilities	1	-	1	-
Due to bondholders	10,005	161	-	10,166
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 10,006</u>	<u>\$ 6,566</u>	<u>\$ 6,406</u>	<u>\$ 10,166</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 7 of 8

	June 30, 2016 Balance	Additions	Deductions	June 30, 2017 Balance
Reassessment District 15-2				
ASSETS				
Cash and investments	\$ 5,615	\$ 7,938	\$ 7,775	\$ 5,778
Receivables, net of allowances:				
Taxes	38	48	38	48
Accounts	-	-	-	-
Accrued interest	-	3	-	3
Due from developers	-	-	-	-
Total Assets	<u>\$ 5,653</u>	<u>\$ 7,989</u>	<u>\$ 7,813</u>	<u>\$ 5,829</u>
LIABILITIES				
Accounts payable	\$ -	\$ 3,968	\$ 3,968	\$ -
Accrued liabilities	1	-	1	-
Due to bondholders	5,652	177	-	5,829
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 5,653</u>	<u>\$ 4,145</u>	<u>\$ 3,969</u>	<u>\$ 5,829</u>
CFD-Central Park 2004-1				
ASSETS				
Cash and investments	\$ 4,294	\$ 3,806	\$ 3,492	\$ 4,608
Receivables, net of allowances:				
Taxes	42	33	42	33
Accounts	-	-	-	-
Accrued interest	-	1	1	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 4,336</u>	<u>\$ 3,840</u>	<u>\$ 3,535</u>	<u>\$ 4,641</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,359	\$ 1,356	\$ 3
Accrued liabilities	2	-	2	-
Due to bondholders	4,334	558	254	4,638
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 4,336</u>	<u>\$ 1,917</u>	<u>\$ 1,612</u>	<u>\$ 4,641</u>
CFD-Columbus Grove 2005-2				
ASSETS				
Cash and investments	\$ 2,179	\$ 2,216	\$ 2,703	\$ 1,692
Receivables, net of allowances:				
Taxes	15	13	15	13
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 2,194</u>	<u>\$ 2,229</u>	<u>\$ 2,718</u>	<u>\$ 1,705</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,112	\$ 1,110	\$ 2
Accrued liabilities	1	-	1	-
Due to bondholders	2,193	-	490	1,703
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 2,194</u>	<u>\$ 1,112</u>	<u>\$ 1,601</u>	<u>\$ 1,705</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)
Page 8 of 8

	June 30, 2016			June 30, 2017
	Balance	Additions	Deductions	Balance
CFD-Great Park 2013-3				
ASSETS				
Cash and investments	\$ 9,279	\$ 55,095	\$ 40,703	\$ 23,671
Receivables, net of allowances:				
Taxes	140	579	140	579
Accounts	-	2,166	90	2,076
Accrued interest	-	66	3	63
Due from developers	-	-	-	-
Total Assets	<u>\$ 9,419</u>	<u>\$ 57,906</u>	<u>\$ 40,936</u>	<u>\$ 26,389</u>
LIABILITIES				
Accounts payable	\$ 46	\$ 11,457	\$ 11,491	\$ 12
Accrued liabilities	7	-	7	-
Due to bondholders	9,366	15,070	134	24,302
Due to other governments	-	2,075	-	2,075
Total Liabilities	<u>\$ 9,419</u>	<u>\$ 28,602</u>	<u>\$ 11,632</u>	<u>\$ 26,389</u>
Inter-Agency Custodial Fund				
ASSETS				
Cash and investments	\$ 60	\$ 91	\$ 36	\$ 115
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 60</u>	<u>\$ 91</u>	<u>\$ 36</u>	<u>\$ 115</u>
LIABILITIES				
Accounts payable	\$ -	\$ 26	\$ 18	\$ 8
Accrued liabilities	-	-	-	-
Due to bondholders	-	-	-	-
Due to other governments	60	73	26	107
Total Liabilities	<u>\$ 60</u>	<u>\$ 99</u>	<u>\$ 44</u>	<u>\$ 115</u>
Total Agency Funds				
ASSETS				
Cash and investments	\$ 106,091	\$ 158,089	\$ 141,496	\$ 122,684
Receivables, net of allowances:				
Taxes	728	1,304	728	1,304
Accounts	-	2,256	154	2,102
Accrued interest	10	155	19	146
Due from developers	816	3,619	3,578	857
Total Assets	<u>\$ 107,645</u>	<u>\$ 165,423</u>	<u>\$ 145,975</u>	<u>\$ 127,093</u>
LIABILITIES				
Accounts payable	\$ 799	\$ 61,762	\$ 61,663	\$ 898
Accrued liabilities	40	9	40	9
Due to bondholders	106,746	20,942	3,684	124,004
Due to other governments	60	2,148	26	2,182
Total Liabilities	<u>\$ 107,645</u>	<u>\$ 84,861</u>	<u>\$ 65,413</u>	<u>\$ 127,093</u>





STATISTICAL SECTION

This section of the City of Irvine's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds
- Taxable Sales by Category
- Tax Revenue by Source - Governmental Funds

Revenue Capacity Schedules - These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Taxpayers
- Property Tax Levies and Collections

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

- Ratio of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Schedule of Direct and Overlapping Bonded Debt
- Legal Debt Margin

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

- Demographic and Economic Statistics
- Principal Employers
- Budgeted Full-Time, Part-Time, and Non-Hourly Positions by Function

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

- Capital Asset Statistics
- Operating Indicators by Function
- Miscellaneous Statistical Information

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City of Irvine
Net Position by Component
Last Ten Fiscal Years
(amounts expressed in thousands)

	2017	2016	2015	2014
Governmental Activities				
Net investment in capital assets	\$ 1,601,315	\$ 1,566,452	\$ 1,517,272	\$ 1,541,807
Restricted	583,855	500,474	478,204	404,305
Unrestricted	433,617	434,395	416,521	351,248
Total Governmental Activities Net Position	<u>\$ 2,618,787</u>	<u>\$ 2,501,321</u>	<u>\$ 2,411,997</u>	<u>\$ 2,297,360</u>
Primary Government				
Net investment in capital assets	\$ 1,601,315	\$ 1,566,452	\$ 1,517,272	\$ 1,541,807
Restricted	583,855	500,474	478,204	404,305
Unrestricted	433,617	434,395	416,521	351,248
Total Primary Government Net Position	<u>\$ 2,618,787</u>	<u>\$ 2,501,321</u>	<u>\$ 2,411,997</u>	<u>\$ 2,297,360</u>

Source: City Fiscal Services Division

2013	2012	2011	2010	2009	2008
\$ 1,575,361	\$ 1,537,181	\$ 1,523,430	\$ 1,488,021	\$ 1,459,815	\$ 1,425,432
320,962	287,906	294,596	349,681	375,082	364,556
362,179	384,731	287,840	244,927	294,354	371,340
<u>\$ 2,258,502</u>	<u>\$ 2,209,818</u>	<u>\$ 2,105,866</u>	<u>\$ 2,082,629</u>	<u>\$ 2,129,251</u>	<u>\$ 2,161,328</u>

\$ 1,575,361	\$ 1,537,181	\$ 1,523,430	\$ 1,488,021	\$ 1,459,815	\$ 1,425,432
320,962	287,906	294,596	349,681	375,082	364,556
362,179	384,731	287,840	244,927	294,354	371,340
<u>\$ 2,258,502</u>	<u>\$ 2,209,818</u>	<u>\$ 2,105,866</u>	<u>\$ 2,082,629</u>	<u>\$ 2,129,251</u>	<u>\$ 2,161,328</u>

City of Irvine
Change in Net Position
Last Ten Fiscal Years
(amounts expressed in thousands)

	2017	2016	2015	2014
EXPENSES				
Governmental Activities				
General Government	\$ 36,411	\$ 29,152	\$ 24,558	\$ 32,863
Public Safety	71,836	63,878	59,266	62,745
Public Works	106,478	91,387	70,697	63,897
Community Services	40,231	37,152	39,119	22,980
Community Development ⁽¹⁾	34,743	27,943	24,278	39,689
Redevelopment ⁽¹⁾	-	-	-	-
Great Park ⁽²⁾	-	-	-	16,812
Interest on long-term debt	-	-	6	16
Unallocated infrastructure depreciation	55,529	51,423	49,647	48,367
Total Governmental Activities Expenses	\$ 345,228	\$ 300,935	\$ 267,571	\$ 287,369
PROGRAM REVENUES				
Governmental Activities				
Charges for services:				
General Government	\$ 12,259	\$ 11,336	\$ 4,566	\$ 1,984
Public Safety	2,984	2,968	4,395	4,548
Public Works	33,599	26,898	46,387	18,321
Community Services	13,526	12,611	19,362	15,375
Community Development ⁽¹⁾	29,367	27,545	19,414	30,129
Redevelopment ⁽¹⁾	-	-	-	-
Great Park ⁽²⁾	-	-	-	3,292
Operating grants and contributions	26,790	29,738	30,404	31,661
Capital grants and contributions	170,654	136,641	111,989	76,751
Total Governmental Activities Program Revenues	289,179	247,737	236,517	182,061
Total Net Revenues (Expenses)	\$ (56,049)	\$ (53,198)	\$ (31,054)	\$ (105,308)
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental Activities				
Taxes:				
Property tax ⁽³⁾	\$ 62,374	\$ 57,944	\$ 53,300	\$ 49,524
Sales taxes	61,617	62,120	58,725	56,499
Franchise taxes	14,022	14,669	14,100	13,690
Transient occupancy taxes	15,708	15,368	13,465	11,664
Document transfer taxes	3,957	3,762	3,554	2,911
Business license taxes	-	-	-	-
Unrestricted motor vehicle in-lieu	116	101	99	98
Gain on sale of assets	-	-	10,112	144
Investment revenue	2,500	5,779	5,243	15,632
Other revenue	184	825	118	93
Total General Revenues	160,478	160,568	158,716	150,255
Extraordinary gain (loss)	-	(7,781)	107,833	(5,500)
Special item	-	99	-	-
Changes in Net Position	\$ 104,429	\$ 99,688	\$ 235,495	\$ 39,447

(1) Redevelopment department established in fiscal year 2005-06 and combined with Community Development in fiscal year 2008-09. Redevelopment Agency was dissolved on February 1, 2012.

(2) Great Park department established in fiscal year 2006-07. During fiscal year 2013-14, the Great park department was reorganized and all activities were absorbed into the other City departments.

(3) City amounts included the Redevelopment Agency's incremental valuation. On February 1, 2012, the State of California dissolved all redevelopment agencies and the redevelopment agency tax incremental value was no longer received.

Source: City Fiscal Services Division

2013	2012	2011	2010	2009	2008
\$ 28,141	\$ 54,380	\$ 20,267	\$ 23,199	\$ 20,495	\$ 47,848
59,284	57,563	57,091	57,891	57,693	52,292
70,423	59,037	58,702	59,666	55,070	27,663
29,944	35,806	33,006	26,715	32,284	37,177
20,575	20,694	21,747	25,447	32,453	18,488
-	-	-	-	-	10,468
59,621	16,398	14,747	17,593	13,235	34,248
20	26	68	14,803	14,111	-
46,693	44,770	42,778	41,026	38,928	33,172
<u>\$ 314,701</u>	<u>\$ 288,674</u>	<u>\$ 248,406</u>	<u>\$ 266,340</u>	<u>\$ 264,269</u>	<u>\$ 261,356</u>
\$ 560	\$ 1,741	\$ 462	\$ 7,354	\$ 681	\$ 10,738
4,471	3,172	3,460	4,163	4,273	3,950
13,847	7,210	10,465	12,057	10,856	24,566
14,326	9,070	9,069	9,219	10,896	7,723
14,410	15,788	17,579	6,896	4,828	13,479
-	-	-	-	-	319
4,233	3,212	2,946	3,521	3,384	3,450
32,664	23,693	16,570	9,644	15,702	11,286
145,897	36,104	71,731	31,707	52,238	155,840
<u>230,408</u>	<u>99,990</u>	<u>132,282</u>	<u>84,561</u>	<u>102,858</u>	<u>231,351</u>
<u>\$ (84,293)</u>	<u>\$ (188,684)</u>	<u>\$ (116,124)</u>	<u>\$ (181,779)</u>	<u>\$ (161,411)</u>	<u>\$ (30,005)</u>
\$ 46,659	\$ 47,862	\$ 48,370	\$ 50,791	\$ 54,168	\$ 52,155
51,596	48,972	48,694	42,209	49,732	58,949
12,505	12,163	12,099	11,223	11,704	11,553
11,256	8,489	8,294	7,306	7,768	9,108
2,404	1,426	1,536	1,626	996	1,328
-	905	911	-	-	-
115	108	981	628	715	820
129	563	64	62	165	14
7,740	7,982	4,786	20,492	7,325	36,304
1,448	250	27	179	20	2,276
<u>133,852</u>	<u>128,720</u>	<u>125,762</u>	<u>134,516</u>	<u>132,593</u>	<u>172,507</u>
163,916	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 213,475</u>	<u>\$ (59,964)</u>	<u>\$ 9,638</u>	<u>\$ (47,263)</u>	<u>\$ (28,818)</u>	<u>\$ 142,502</u>

City of Irvine
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾
GENERAL FUND				
Non Spendable	\$ -	\$ 87	\$ 7,617	\$ 8,033
Restricted	2,784	8,188	5,682	5,730
Committed	41,034	30,090	25,946	18,904
Assigned	79,242	77,713	63,790	66,581
Unassigned	3,912	12,163	23,867	8,666
Total General Fund	<u>\$ 126,972</u>	<u>\$ 128,241</u>	<u>\$ 126,902</u>	<u>\$ 107,914</u>
ALL OTHER GOVERNMENTAL FUNDS				
Non Spendable	\$ 518	\$ 526	\$ 496	\$ 586
Restricted	585,466	502,440	750,871	501,039
Committed	106,858	374,603	79,880	50,195
Assigned	269,151	2,899	5,256	7,148
Unassigned	(3,495)	(2,493)	(2,483)	-
Total All Other Governmental Funds	<u>\$ 958,498</u>	<u>\$ 877,975</u>	<u>\$ 834,020</u>	<u>\$ 558,968</u>
ALL GOVERNMENTAL FUNDS	<u>\$ 1,085,470</u>	<u>\$ 1,006,216</u>	<u>\$ 960,922</u>	<u>\$ 666,882</u>

GENERAL FUND

Reserved
Unreserved

Total General Fund

ALL OTHER GOVERNMENTAL FUNDS

Reserved
Unreserved, reported in:
Special Revenue Funds
Capital Project Funds
Permanent Funds

Total All Other Governmental Funds

ALL GOVERNMENTAL FUNDS

(1) The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) beginning fiscal year ended June 30, 2010.

(2) Information prior to the implementation of GASB 54 is unavailable.

Source: City Fiscal Services Division

2013 ⁽²⁾	2012 ⁽²⁾	2011 ⁽²⁾	2010 ⁽²⁾	2009 ⁽²⁾	2008 ⁽²⁾
\$ 7,987	\$ 7,736	\$ 7,816	\$ 7,054		
5,378	5,435	4,927	5,234		
16,538	16,033	7,863	15,938		
70,987	74,850	74,674	75,411		
11,105	7,878	13,474	312		
<u>\$ 111,995</u>	<u>\$ 111,932</u>	<u>\$ 108,754</u>	<u>\$ 103,949</u>		

\$ 136,400	\$ 136,178	\$ 175,116	\$ 136,584		
296,160	269,852	281,699	273,138		
63,194	82,706	148,216	185,655		
5,062	12,621	10,712	15,022		
(2,453)	(1,536)	(224,542)	(180,521)		
<u>\$ 498,363</u>	<u>\$ 499,821</u>	<u>\$ 391,201</u>	<u>\$ 429,878</u>		
<u>\$ 610,358</u>	<u>\$ 611,753</u>	<u>\$ 499,955</u>	<u>\$ 533,827</u>		

2009	2008
\$ 9,427	\$ 9,443
100,769	114,344
<u>\$ 110,196</u>	<u>\$ 123,787</u>

\$ 335,955	\$ 293,801
127,296	266,337
52,429	23,007
170	146
<u>\$ 515,850</u>	<u>\$ 583,291</u>
<u>\$ 626,046</u>	<u>\$ 707,078</u>

City of Irvine
Change in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

	2017	2016	2015	2014
REVENUES				
Taxes				
Property taxes	\$ 62,374	\$ 67,060	\$ 53,300	\$ 49,524
Sales and use taxes	67,622	70,047	62,925	59,385
All other taxes	47,472	51,291	48,373	41,891
Licenses & permits	9,301	9,594	10,750	7,401
Fines & forfeitures	1,394	1,453	1,531	1,830
Investment income	2,941	7,098	4,216	4,496
Intergovernmental	9,870	14,317	11,663	16,312
Charges for services	39,332	36,023	33,673	31,834
Contributions from property owners-				
Special districts contributions	137,228	77,699	69,650	25,257
Revenue from developers	45,527	53,373	49,110	59,124
Special assessments	17,559	6,809	32,615	6,172
Donations	549	724	664	915
Other revenue	4,165	4,660	5,014	3,394
Total Revenues	445,334	400,148	383,484	307,535
EXPENDITURES				
Current:				
General Government	34,962	29,957	29,446	31,305
Public Safety	73,116	70,062	65,624	63,130
Public Works	53,331	60,261	50,841	40,451
Community Development	35,494	31,341	26,390	25,839
Community Services	40,618	39,673	35,920	38,861
Redevelopment ⁽¹⁾	-	-	-	-
Great Park ⁽²⁾	-	-	-	12,364
Street lighting	-	-	-	-
Capital Outlay	128,972	121,094	53,138	48,558
Debt Services:				
Principal retirement	-	-	-	-
Interest & fiscal charges	-	-	-	-
Administration	-	-	-	-
Total Expenditures	366,493	352,388	261,359	260,508
Excess (Deficiency) of Revenues Over (Under) Expenditures	78,841	47,760	122,125	47,027
OTHER FINANCING SOURCES (USES)				
Issuance of long-term note	-	-	-	-
Proceeds from sale of property	21	125	14,224	46
Transfers in	71,162	55,454	47,426	23,505
Transfers out	(71,187)	(55,617)	(47,735)	(23,408)
Total Other Financing Sources (Uses)	(4)	(38)	13,915	143
EXTRAORDINARY GAIN (LOSS)				
Forgiveness of debts	-	-	-	-
Dissolution of redevelopment agency	-	-	-	-
Settlement agreement	-	(6,568)	158,000	(5,500)
Special item	-	99	158,000	(5,500)
Total Extraordinary Gain (Loss)	-	(6,469)	316,000	(11,000)
Net Change in Fund Balances	\$ 78,837	\$ 41,253	\$ 452,040	\$ 36,170
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES				
	0.0%	0.0%	0.0%	0.0%

- (1) Redevelopment department established in fiscal year 2005-06 and combined with Community Development in fiscal year 2008-09. Redevelopment Agency was dissolved on February 1, 2012.
- (2) Great Park department established in fiscal year 2006-07. During fiscal year 2013-14, the Great Park department was reorganized and all activities were absorbed into the other City departments.

Source: City Fiscal Services Division

	2013	2012	2011	2010	2009	2008
\$	46,659	\$ 47,861	\$ 50,608	\$ 51,106	\$ 54,168	\$ 52,155
	54,663	52,566	48,487	42,209	49,732	58,949
	37,445	30,732	33,371	25,393	25,402	31,353
	6,865	6,091	6,122	4,395	4,592	7,528
	1,780	2,065	1,916	1,948	1,936	2,192
	(283)	4,146	10,488	10,845	23,089	35,973
	18,694	14,072	35,419	35,367	43,610	35,885
	27,702	24,057	33,496	34,405	34,202	43,572
	31,520	2,489	38,318	-	498	-
	53,469	16,539	7,641	336	1,103	83,975
	6,015	5,673	5,372	4,904	5,203	4,863
	655	572	574	791	537	1,003
	4,234	3,400	4,392	4,065	2,936	2,563
	<u>289,418</u>	<u>210,263</u>	<u>276,204</u>	<u>215,764</u>	<u>247,008</u>	<u>360,011</u>
	26,446	52,183	28,346	29,457	30,572	31,331
	60,211	56,264	55,586	56,165	56,404	52,481
	41,330	34,663	27,188	35,709	33,833	35,803
	23,321	22,873	27,234	25,888	33,985	18,576
	34,839	33,965	32,054	33,667	34,240	35,264
	-	-	-	-	-	9,737
	15,235	16,079	14,779	17,743	13,073	12,128
	-	6,403	6,892	5,658	6,226	5,069
	86,345	60,461	95,986	76,164	84,770	169,594
	-	-	8,260	7,525	6,990	8,170
	-	4,866	16,336	14,690	14,038	11,853
	-	-	11	43	75	106
	<u>287,727</u>	<u>287,757</u>	<u>312,672</u>	<u>302,709</u>	<u>314,206</u>	<u>390,112</u>
	<u>1,691</u>	<u>(77,494)</u>	<u>(36,468)</u>	<u>(86,945)</u>	<u>(67,198)</u>	<u>(30,101)</u>
	-	-	-	62	48	47
	40	1,125	322	-	-	14
	31,166	16,304	215,415	124,556	65,542	476,218
	<u>(33,417)</u>	<u>(16,309)</u>	<u>(213,141)</u>	<u>(113,586)</u>	<u>(64,308)</u>	<u>(477,803)</u>
	<u>(2,211)</u>	<u>1,120</u>	<u>2,596</u>	<u>11,032</u>	<u>1,282</u>	<u>(1,524)</u>
	-	25,823	-	-	-	-
	-	162,349	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	188,172	-	-	-	-
\$	<u>(520)</u>	<u>\$ 111,798</u>	<u>\$ (33,872)</u>	<u>\$ (75,913)</u>	<u>\$ (65,916)</u>	<u>\$ (31,625)</u>
	0.0%	2.1%	11.4%	9.8%	9.2%	9.1%

City of Irvine
Taxable Sales by Category
Last Ten Fiscal Years
(amounts expressed in thousands)

	2017	2016 ⁽¹⁾	2015 ⁽¹⁾	2014
Apparel stores	\$ *	\$ 222,412	\$ 210,020	\$ 213,839
General merchandise	*	404,982	411,544	370,563
Food stores	*	120,943	122,536	609,828
Eating & drinking places	*	724,466	669,075	151,152
Home furnishings & appliances	*	-	-	410,687
Building material & farm tools	*	137,627	121,412	106,565
Auto dealers & supplies	*	837,144	819,580	655,268
Service stations	*	235,122	264,856	277,156
Other retail stores	*	787,667	821,149	438,521
All other outlets	*	2,680,024	2,617,234	1,766,788
Total	\$ -	\$ 6,150,387	\$ 6,057,406	\$ 5,000,367
City Direct Sales Tax Rate	1.00%	0.75% ⁽³⁾	0.75% ⁽²⁾	0.75% ⁽²⁾

(1) The State Board of Equalization no longer provides the Taxable Sales by Category. Beginning in the fiscal year 2014-15, the information was provided by the HdL Companies.

(2) The State reduced the actual sales tax allocation by 0.25%, and used this 0.25% as security for the State's "Economic Recovery Bonds." The State has replaced the 0.25% reduction of sales tax with a dollar-for-dollar allocation of local property tax from the County ERAF funds.

(3) Beginning in March 2016, which represents sales activity starting January 1, 2016, and thereafter, the sales tax allocation will revert back to the original 1% amount.

*Statistical for fiscal year 2016-17 is unavailable at the present time.

Source: California State Board of Equalization, and HdL., Coren & Cone

2013	2012	2011	2010	2009	2008
\$ 209,566	\$ 195,765	\$ 182,997	\$ 172,603	\$ 165,975	\$ 151,277
333,813	290,142	295,272	278,703	313,425	382,044
148,776	142,268	137,485	125,234	118,234	135,395
563,941	520,632	471,740	445,344	437,188	455,804
372,189	340,419	308,224	283,000	238,432	172,600
95,815	90,901	83,541	73,915	70,540	94,565
626,940	570,374	536,199	474,807	467,329	660,418
276,639	268,934	230,887	197,404	182,025	212,969
428,451	387,844	286,806	285,369	372,985	748,933
1,600,281	1,628,911	1,585,799	1,472,038	1,574,474	1,635,329
<u>\$ 4,656,411</u>	<u>\$ 4,436,190</u>	<u>\$ 4,118,950</u>	<u>\$ 3,808,417</u>	<u>\$ 3,940,607</u>	<u>\$ 4,649,334</u>
0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾

City of Irvine
Tax Revenues by Sources – Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Property Tax		Sales Tax	Transient Occupancy Tax	Franchise Tax	Document Transfer Tax	Other	Total
	City	Redevelopment Agency ⁽¹⁾						
2017	\$ 62,217	\$ 157	\$ 67,622	\$ 12,520	\$ 13,089	\$ 3,957	\$ 17,906	\$ 177,468
2016	66,934	126	70,047	12,294	13,828	3,762	21,407	188,398
2015	53,086	214	62,925	10,772	13,479	3,554	20,568	164,598
2014	49,442	82	59,385	9,331	13,100	2,911	16,549	150,800
2013	46,564	95	54,663	9,005	11,950	2,404	14,086	138,767
2012	44,549	3,312	52,566	8,489	11,591	1,426	9,226	131,159
2011	44,122	6,486	48,487	8,294	11,548	1,536	11,993	132,466
2010	45,065	6,041	42,209	7,268	11,223	1,626	5,276	118,708
2009	45,395	8,773	49,732	7,768	11,704	996	4,934	129,302
2008	45,309	6,846	58,949	9,108	11,553	1,328	9,364	142,457

(1) Redevelopment Agency tax increment began in fiscal year 2006-07. Redevelopment Agency was dissolved on February 1, 2012.

Source: City Budget and Fiscal Services Divisions

City of Irvine
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	City				Redevelopment Agency				Tax Rate
	Secured	Public Utility	Unsecured	Assessed Value	Secured	Public Utility	Unsecured	Incremental Valuation	
2017	\$ 61,935,586	\$ 1,595	\$ 3,817,062	\$ 65,754,243	\$ 2,540,087	\$ 335	\$ 2,566	\$ 2,542,988	0.03190%
2016	57,123,178	1,639	3,787,877	60,912,694	1,770,493	335	453	1,771,281	0.03190%
2015	51,914,992	1,639	3,777,254	55,693,885	964,285	335	807	965,427	0.03229%
2014	47,391,485	1,639	3,609,124	51,002,248	610,840	335	320	611,495	0.03267%
2013	45,031,475	1,718	3,612,900	48,646,093	601,600	335	3,758	605,693	0.04014%
2012	43,704,446	1,811	3,429,975	47,136,232	634,278	335	6,549	641,162	0.04138%
2011	43,012,659	1,811	3,524,106	46,538,576	615,136	335	6,958	622,429	0.04144%
2010	43,654,448	2,009	3,555,544	47,212,001	597,735	335	4,229	602,299	0.04102%
2009	43,636,021	2,060	3,619,528	47,257,609	864,151	335	7,657	872,143	0.04667%
2008	41,322,909	2,479	3,057,595	44,382,983	847,207	335	2,559	850,101	0.04725%

Note:

Estimated value of taxable property not readily available in the State of California. 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 of proposition 13 passed in 1978.”

(1) Redevelopment Agency tax increment began in fiscal year 2006-07. Redevelopment Agency was dissolved on February 1, 2012.

Source: City Budget and Fiscal Services Divisions

City of Irvine
Direct and Overlapping Property Tax Rate
Last Ten Fiscal Years
(expressed as a rate per \$100 of assessed value)

Agency	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Basic Levy ⁽¹⁾	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Irvine Ranch Water	0.20202	0.17102	0.17102	0.41339	0.41339	0.41344	0.52028	0.52028	0.30414	0.30414
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430	0.00450
Rancho Santiago Community College	0.04945	0.05039	0.05078	0.03334	0.03241	0.03146	0.03141	0.02735	0.02253	0.02373
Saddleback Valley Unified	0.02688	0.03008	0.02806	0.03207	0.03265	0.03163	0.03194	0.03043	0.02834	0.02668
Santa Ana Unified	0.06377	0.06604	0.06869	0.07359	0.07749	0.07147	0.07167	0.07388	0.03212	0.03585
Tustin Unified General Fund	0.07001	0.07751	0.06955	0.08912	0.06729	0.05586	0.05962	0.03797	0.03102	0.03173
Total Direct and Overlapping Rates ⁽²⁾	1.41563	1.39854	1.39160	1.64501	1.62673	1.60756	1.71862	1.69421	1.42245	1.42663
City's Share of 1% Levy Per Prop 13 ⁽³⁾	0.03180	0.03180	0.03180	0.03180	0.03180	0.01226	0.03180	0.03180	0.03180	0.01226
Voter Approved City Debt Rate										
Redevelopment Rate ⁽⁴⁾	-	-	-	-	-	1.00370	1.00370	1.00430	1.00430	1.00450
Total Direct Rates ⁽⁵⁾	0.03157	0.03190	0.03229	0.03267	0.04014	0.04138	0.04144	0.04102	0.04667	0.04725

- (1) In 1978, California voters passed Proposition 13 which sets the property tax rate at 1.00% fixed amount. This 1.00% is shared by all taxing agencies in which the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various voter-approved school and water district bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (3) City's Share of 1.00% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.
- (4) Redevelopment Rate is based on the largest RDA tax area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values, the approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012-13 and years thereafter.
- (5) Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in fiscal year 2013-14, the Total direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during fiscal year 2012-13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: HdL., Coren & Cone

**City of Irvine
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Irvine Company ⁽¹⁾	\$ 4,169,973,278	1	6.34%	\$ 5,084,093,703	1	11.46%
KB Home Coastal Inc ⁽¹⁾	981,006,478	2	1.49%	-		-
Irvine Apartment Communities	713,713,395	3	1.09%	1,242,682,421	3	2.80%
Allergan ⁽¹⁾	490,561,192	4	0.75%	-		-
Heritage Hills Irvine LLC	480,000,000	5	0.73%	-		-
Heritage Fields El Toro	459,440,903	6	0.70%	864,944,013	4	1.95%
B Braun Medical Inc	407,815,684	7	0.62%	149,746,368	8	0.34%
Jamboree Center LLC ⁽¹⁾	394,196,721	8	0.60%	-		-
Park Place Michelson LLC ⁽¹⁾	351,879,010	9	0.54%	-		-
LBA IV-PPI LLC ⁽¹⁾	304,062,616	10	0.46%	-		-
Maguire Properties-Park	-		-	1,285,936,577	2	2.90%
Central Park West	-		-	298,515,801	5	0.67%
Capital Research Company	-		-	238,777,644	6	0.54%
Lakeshore Properties LLC	-		-	174,287,257	7	0.39%
Century Centre LLC	-		-	142,414,112	9	0.32%
2040 Main LLC	-		-	105,751,911	10	0.24%
Totals	\$ 8,752,649,277		13.31%	\$ 9,587,149,807		21.60%

Source: HdL., Coren & Cone

**City of Irvine
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy for Fiscal Year ^{(1) (3)}	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ⁽²⁾	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 82,074,158	\$ 81,122,025	98.84%	\$ 526,453	\$ 81,648,478	99.48%
2016	80,233,275	79,071,170	98.55%	625,501	79,696,671	99.33%
2015	86,003,581	85,186,715	99.05%	159,584	85,346,299	99.24%
2014	76,486,915	76,278,909	99.73%	729,226	77,008,135	100.68%
2013	70,528,865	69,549,205	98.61%	739,919	70,289,124	99.66%
2012	79,604,976	77,405,056	97.24%	1,066,687	78,471,743	98.58%
2011	77,520,820	75,332,973	97.18%	1,137,627	76,470,600	98.65%
2010	77,549,644	63,080,086	81.34%	1,670,155	64,750,241	83.50%
2009	79,872,700	76,262,107	95.48%	769,454	77,031,561	96.44%
2008	79,843,121	76,838,078	96.24%	2,242,922	79,080,999	99.05%

(1) Includes General City property tax revenue inclusive of secured, unsecured, and supplemental rolls as well as 1915 Act Assessment District and Proposition 218, "The right to Vote on Tax Initiative," special assessments. Amount excludes property tax-in lieu VLF, sales and use tax compensation, ERAF, Trip flip or VLF swap. The amounts presented include City property taxes and redevelopment Agency tax increment beginning in fiscal year 2006-07.

(2) Net collections reflect deductions for refunds, delinquencies and impoundments.

(3) Redevelopment Agency was dissolved on February 1, 2012, amounts exclude tax payments received for the enforceable obligations of the Successor Agency of the Dissolved Irvine Redevelopment Agency.

Source: Orange County Auditor-Controller

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

Fiscal Year	Lease Revenue Bonds	Capital Leases	Total Governmental Activities	Percentage of Personal Income ⁽¹⁾	% of Actual Assessed Value of Property ⁽¹⁾	Per Capita
2017	\$ -	\$ -	\$ -	0.00%	0.000%	0
2016	-	-	-	0.00%	0.000%	0
2015	-	78	78	0.00%	0.000%	0
2014	-	177	177	0.00%	0.000%	1
2013	-	470	470	0.00%	0.001%	2
2012	-	386	386	0.00%	0.001%	2
2011	-	689	689	0.01%	0.001%	3
2010	8,260	381	8,641	0.11%	0.018%	40
2009	15,785	673	16,458	0.19%	0.035%	77
2008	22,775	631	23,406	0.27%	0.053%	113

(1) Assessed value used because actual value of taxable property not readily available in the State of California.

Source: City Fiscal Services Divisions, Employment Development Department, State Department of Finance, U.S. Bureau of Census.

City of Irvine
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year	Population ⁽¹⁾	Total General Obligation Bonds	Less Debt Service Fund	Net Bonded Debt	Percent of Debt to Assessed Value	Debt per Capita
2017	267	-	-	-	0.00%	-
2016	258	-	-	-	0.00%	-
2015	250	-	-	-	0.00%	-
2014	243	-	-	-	0.00%	-
2013	231	-	-	-	0.00%	-
2012	224	-	-	-	0.00%	-
2011	219	-	-	-	0.00%	-
2010	218	-	-	-	0.00%	-
2009	213	-	-	-	0.00%	-
2008	208	-	-	-	0.00%	-

(1) California Department of Finance at January 1, est.

Source: City Fiscal Services Division

City of Irvine
Schedule of Direct and Overlapping Bonded Debt
June 30, 2017

2016-17 Assessed valuation: \$ 65,754,243,380

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total		City's Share of
	Debt 6/30/17	%Applicable ⁽¹⁾	Debt 6/30/17
Metropolitan Water District	\$ 74,905,000	2.545 %	\$ 1,906,332
Rancho Santiago Community College District	258,096,533	11.406	29,438,491
Rancho Santiago Community College District			
School Facilities Improvement District No. 1	57,025,000	21.81	12,437,153
Irvine Unified School Facilities Improvement District No. 1	95,000,000	100	95,000,000
Irvine Unified School District Community Facilities Districts	655,415,000	99.784-100	655,298,403
Saddleback Valley Unified School District	118,585,000	3.690	4,375,787
Santa Ana Unified School District	265,510,216	26.945	71,541,728
Santa Ana Unified School District Community Facilities District No. 2004-1	7,555,000	100	7,555,000
Tustin Unified School District School Facilities Improvement District No. 2002-1	46,550,254	9.375	4,364,086
Tustin Unified School District School Facilities Improvement District No. 2008-1	88,340,000	9.687	8,557,496
Tustin Unified School District School Facilities Improvement District No. 2012-1	27,720,000	23.599	6,541,643
Tustin Unified School District Community Facilities District No. 97-1	88,380,000	100	88,380,000
Tustin Unified School District Community Facilities District No. 2007-1	15,745,000	100	15,745,000
Tustin Unified School District Community Facilities District No. 2014-1	85,055,000	100	85,055,000
Irvine Ranch Water District Improvement Districts	555,112,110	15.073-100.	365,553,582
City of Irvine Community Facilities District No. 2004-1	18,305,000	100	18,305,000
City of Irvine Community Facilities District No. 2005-2	15,150,000	100	15,150,000
City of Irvine Community Facilities District No. 2013-3, I.A. 1	72,610,000	100	72,610,000
City of Irvine Community Facilities District No. 2013-3, I.A. 4	135,835,000	100	135,835,000
City of Irvine 1915 Act Bonds	824,983,000	100	824,983,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			2,518,632,701

<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 227,516,000	12.524 %	\$ 28,494,104
Orange County Pension Obligations	86,762,539	12.524	48,438,140
Orange County Board of Education Certificates of Participation	14,440,000	12.524	1,808,466
Orange Unified School District Certificates of Participation and Benefit Obligation	105,713,145	0.0001	106
Santa Ana Unified School District Certificates of Participation	60,937,067	26.945	16,419,493
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 95,160,309

TOTAL DIRECT DEBT	\$ -
OVERLAPPING DEBT	\$ 2,613,793,010
COMBINED TOTAL DEBT	\$ 2,613,793,010 ⁽²⁾

⁽¹⁾The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

⁽²⁾Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2016-17 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 3.83%

Ratios to Adjusted Assessed Valuation:

Total Direct Debt 0.00%

Net Combined Total Debt..... 3.98%

Source: California Municipal Statistics, Inc.

**City of Irvine
Legal Debt Margin
Last Ten Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assessed valuation	\$ 65,754,243,380	\$ 60,912,693,965	\$ 55,693,885,275	\$ 51,002,248,297
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 16,438,560,845	\$ 15,228,173,491	\$ 13,923,471,319	\$ 12,750,562,074
Debit limit percentage	15%	15%	15%	15%
Debt limit	2,465,784,127	2,284,226,024	2,088,520,698	1,912,584,311
Total Net Debt Applicable to Limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 2,465,784,127</u>	<u>\$ 2,284,226,024</u>	<u>\$ 2,088,520,698</u>	<u>\$ 1,912,584,311</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%

Note:

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

Source: California Municipal Statistics, Inc.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 48,646,093,255	\$ 47,136,231,043	\$ 46,538,576,173	\$ 47,212,001,153	\$ 47,257,608,206	\$ 44,382,983,056
25%	25%	25%	25%	25%	25%
\$ 12,161,523,314	\$ 11,784,057,761	\$ 11,634,644,043	\$ 11,803,000,288	\$ 11,814,402,052	\$ 11,095,745,764
15%	15%	15%	15%	15%	15%
1,824,228,497	1,767,608,664	1,745,196,606	1,770,450,043	1,772,160,308	1,664,361,865
-	-	-	-	-	-
<u>\$ 1,824,228,497</u>	<u>\$ 1,767,608,664</u>	<u>\$ 1,745,196,606</u>	<u>\$ 1,770,450,043</u>	<u>\$ 1,772,160,308</u>	<u>\$ 1,664,361,865</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**City of Irvine
Demographic and Economic Statistic
Last Ten Fiscal Years**

Fiscal Year	Population ⁽¹⁾	Personal Income (in thousands)	Per Capita Personal Income ⁽³⁾	Income per Median Household ⁽³⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2017	267,086	\$ 12,840,224 ⁽³⁾	\$ 43,836	\$ 92,278	34.4	33,480	2.9%
2016	258,386	10,946,242 ⁽³⁾	43,456	91,999	34.0	31,621	3.3%
2015	250,384	10,593,508 ⁽³⁾	43,096	90,585	34.2	30,638	3.2%
2014	242,651	9,595,168 ⁽³⁾	43,271	92,663	33.6	30,170	3.9%
2013	231,117	8,174,011 ⁽³⁾	43,102	92,599	34.0	29,000	4.6%
2012	223,729	8,886,628 ⁽³⁾	41,898	90,939	33.1	27,411	6.0%
2011	219,156	8,481,794 ⁽³⁾	41,759	93,258	33.2	27,202	6.9%
2010	217,686	8,090,372 ⁽³⁾	57,165	94,903	33.3	26,812	7.4%
2009	212,541	8,723,320 ⁽²⁾	41,043	91,101	33.3	26,323	7.0%
2008	207,646	8,601,736 ⁽²⁾	41,425	98,923	32.9	26,097	4.0%

(1) California Department of Finance at January 1.

(2) Used prior fiscal year per capita income and estimated population number from City Budget to calculate fiscal year total personal income.

(3) U.S. Census Bureau, American Community Survey

(4) Irvine Unified School District

(5) Employment Development Department

Source: City Budget and Fiscal Services Divisions

**City of Irvine
Principal Employers
Current Year and Nine Years Ago**

Employer	2017			2008		
	Number of Employees	Rank	Percentage of Employment	Number of Employees	Rank	Percentage of Employment
University of California Irvine	21,700	1	8.41%	16,000	1	7.10%
Irvine Unified School District	3,024	2	1.17%	2,475	2	1.10%
Edwards Lifesciences LLC	2,987	3	1.16%	1,779	7	0.79%
Blizzard Entertainment Inc.	2,724	4	1.06%	1,647		0.73%
Broadcom	2,604	5	1.01%	2,000	4	0.89%
Glidewell Laboratories	1,960	6	0.76%	-		-
Parker Hannifin Corporation	1,800	7	0.70%	1,650	8	0.73%
Nationstar Mortgage LLC	1,556	8	0.60%	-		-
B Braun Medical	1,370	9	0.00%	1,500	10	0.67%
Western Digital	1,300	10	0.50%	-		-
Cellco Partnership	-		-	2,108	3	0.94%
St John Knits	-		-	1,972	5	0.87%
Allergan	-		-	1,922	6	0.86%
Capital Group Companies	-		-	1,506	9	0.67%

Source: City Public Safety Department

City of Irvine
Budgeted Full-Time, Part-Time, and Non-Hourly Positions by Function
Last Ten Fiscal Years

FUNCTION	Fiscal Years as of June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Full-time	94.00	92.00	87.00	88.00	82.00	80.00	80.00	89.00	91.00	94.00
Part-time	14.61	14.61	15.92	12.53	9.28	8.60	9.06	10.40	25.65	24.40
Non-hourly	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Public Safety										
Full-time	319.00	308.00	304.00	298.00	290.00	290.00	291.00	295.00	295.00	283.00
Part-time	32.87	33.35	31.44	30.95	30.95	31.05	31.33	33.80	29.31	29.30
Non-hourly	46.00	44.00	42.00	39.40	32.40	32.40	30.40	30.40	30.40	30.40
Public Works										
Full-time	155.00	150.00	140.00	142.00	122.00	121.00	123.00	134.00	152.00	154.00
Part-time	5.24	6.50	6.00	4.30	1.75	1.75	3.50	4.00	5.88	5.00
Community Development										
Full-time	113.00	109.00	108.00	102.00	99.00	101.00	101.00	104.00	109.00	96.30
Part-time	2.80	2.80	1.80	1.80	1.80	2.60	2.60	2.60	7.14	-
Non-hourly	6.00	6.00	6.00	6.00	6.00	11.00	11.00	11.00	11.00	10.60
Community Services										
Full-time	125.00	118.00	109.00	108.00	113.00	114.00	114.50	118.00	113.00	114.00
Part-time	262.33	250.44	212.95	197.69	196.63	185.11	177.54	178.20	194.63	197.90
Non-hourly	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Redevelopment										
Full-time	-	-	-	-	-	-	-	-	-	15.70
Part-time	-	-	-	-	-	-	-	-	-	6.90
Great Park										
Full-time	-	-	-	-	30.00	33.00	29.50	23.00	23.00	21.00
Part-time	-	-	-	-	7.13	4.88	4.68	4.70	2.20	0.60
Non-hourly	-	-	-	-	5.00	9.00	9.00	39.00	39.00	9.00
Total	1,197.85	1,156.70	1,086.11	1,052.67	1,048.94	1,047.39	1,040.11	1,099.10	1,150.21	1,114.10

Note:

Part-time employees are expressed as full-time equivalents.

The Redevelopment Department was established in fiscal year 2005-06 and combined with Community Department in fiscal year 2008-09. The Redevelopment Agency was dissolved on February 1, 2012.

Great Park department established in fiscal year 2006-07. During fiscal year 2013-14, the Great Park department was reorganized and all activities were absorbed into the other City departments.

Source: Various City departments.

**City of Irvine
Capital Asset Statistics
Last Ten Fiscal Years**

FUNCTION	Fiscal Years as of June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police Safety										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	55	51	49	52	46	46	44	44	44	44
Fire stations ⁽¹⁾	12	12	11	11	11	11	11	11	9	9
Public Works										
Streets (miles)	1,985	1,973	1,931	1,922	1,879	1,851	1,827	1,735	1,733	1,732
Traffic signals	344	344	341	338	337	330	330	327	317	295
Streetscape (acres)	918	911	889	872	834	808	781	773	749	716
Open space/greenbelts (acres)	6,638	6,638	5,600	5,590	5,250	5,250	5,250	5,250	4,100	3,500
Bicycle trails (miles)	154	154	152	152	151	151	151	147	147	147
Off-street bicycle trails (miles)	62	62	59	57	54	54	45	44	43	43
Culture and Recreation										
Community athletic parks	20	19	19	19	19	18	18	18	13	13
Multi use centers	15	15	14	14	14	13	12	12	11	11
Dog parks	1	1	1	1	1	1	1	1	1	1
Skate parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	41	41	41	40	40	38	38	36	36	35
Swimming pools	3	3	3	4	4	4	4	4	4	4
Batting cages	14	14	14	14	14	14	14	14	14	14
Basketball courts	31	31	31	30	29	29	29	29	29	25
Racquetball/handball courts	14	14	14	14	14	14	14	10	10	10
Tennis courts	64	64	64	64	64	64	61	59	59	57
Volleyball courts	17	17	17	16	16	16	16	15	15	14

(1) Join power authority with the Orange County Fire Authority.

Source: Various City departments.

**City of Irvine
Operating Indicators by Function
Last Ten Fiscal Years**

FUNCTION	2017	2016	2015	2014
General Government				
Checks/wire transfers	47,912	46,499	46,112	44,607
Number of purchase orders placed	2,151	2,146	1,681	1,936
Police				
Animal control service calls	8,741	9,975	9,741	10,580
Physical arrests	2,811	3,109	2,506	2,774
Parking citations	5,171	4,413	4,056	4,824
Traffic citations	20,151	19,641	21,266	23,541
Highways and Streets				
Arterial street resurfacing (centerline miles)	65	58	36	40
Arterial street sweeping (curb miles)	39,542	39,189	38,884	38,449
Community Development				
Building inspections completed	255,280	194,718	190,409	160,718
Building permits issued	15,165	14,187	13,577	12,635
Culture and Recreation				
Recreational & instructional classes offered	9,624	9,238	8,826	8,890
Recreational & instructional enrollees	108,711	101,252	95,618	99,811
Recreational & internet registrants for classes	56	56	57	50
Youth services participation units	NA	NA	NA	NA
Redevelopment ⁽¹⁾				
Number of discretionary applications processed	-	-	-	-
Number of demolition permits issued	-	-	-	-
Number of grading/building permits issued	-	-	-	-

(1) Redevelopment Agency was Dissolved on February 1, 2012..

Source: Various City departments

2013	2012	2011	2010	2009	2008
45,105	44,672	44,422	47,252	47,918	47,837
1,953	2,316	2,211	2,172	2,065	1,898
10,664	10,309	8,639	8,510	8,669	7,247
2,824	2,802	2,579	2,819	2,846	2,855
6,934	4,702	4,793	6,639	6,830	9,465
23,221	26,395	19,426	29,707	26,325	26,452
47	44	17	41	30	27
38,401	38,300	38,204	38,204	37,940	37,939
151,835	127,964	87,563	63,363	98,538	117,000
12,029	10,201	10,582	8,030	8,132	11,500
8,151	8,203	7,671	7,546	6,845	6,763
90,027	81,271	71,853	70,998	65,153	61,804
52	54	56	56	58	56
NA	NA	87,517	75,240	68,251	74,152
-	-	231	10	17	7
-	-	9	8	11	15
-	-	47	44	7	16

City of Irvine
Miscellaneous Statistical Information
June 30, 2017

<u>Date of Incorporation</u>	-	December 28, 1971
<u>Form of Government</u>	-	Charter, Council-Manager
<u>Incorporated Area</u>	-	66 square miles
<u>City Tree</u>	-	Camphor
<u>City Flower</u>	-	Lily of the Nile
<u>Registered Voters as of February 2017</u>	-	119,387
<u>Fire Protection</u>	-	Orange County Fire Authority (Joint Powers Authority)
<u>Water Supply</u>	-	Irvine Ranch Water District
<u>City Park and Landscape Areas</u>		<u>Acres</u>
Streetscape	-	918
Community Parks	-	354.1
Neighborhood Parks	-	172.5
Sports Field	-	167
<u>Facilities and Services Excluded in the Reporting Entity</u>		<u>Number</u>
Education:		
Elementary Schools	-	22
Middle Schools	-	6
High Schools	-	5
Continuation/Independent Study High School	-	2

Sources: City Clerk Division, City Community Services Department, City Public Work Department
Irvine Unified School District

About the Cover

Since its incorporation in 1971, Irvine has become a nationally recognized city, with a population of 267,086 that spans 66 square miles and is recognized as one of America's safest and most successful master-planned urban communities. Top-rated educational institutions, an enterprising business atmosphere, sound environmental stewardship, and respect for diversity all contribute to Irvine's enviable quality of life. This family-friendly city features more than 16,000 acres of parks, sports fields and dedicated open space and is the home of the Orange County Great Park.

The cover image for this year's report features North Lake in Woodbridge and was submitted by Hugh Foster as part of the City's 45th Anniversary Photo Contest.

The authors wish to thank the Irvine Public Information Office for design of the cover. The cover and report were printed by the Irvine Duplicating Center, with thanks to Jon Williams and Duplicating staff.