

CITY OF IRVINE, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR FISCAL YEAR ENDED
JUNE 30, 2018





City of Irvine

Incorporation: December 28, 1971
 Population: 276,176
 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, 2018



Prepared by Fiscal Services



City of Irvine

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

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 Balance 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 Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Local Park Fees	42
Statement of Net Position – Proprietary Funds	43
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	44
Statement of Cash Flows – Proprietary Funds	45
Statement of Fiduciary Net Position – Fiduciary Funds	47
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	48
 Notes to the Basic Financial Statements	 51
 <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	100

City of Irvine
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

TABLE OF CONTENTS (CONTINUED)	PAGE
FINANCIAL SECTION (CONTINUED)	
<i>Required Supplementary Information (continued)</i>	
Schedule of Plan Contributions – 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 Sworn Employees	102
Schedule of Plan Contributions – CalPERS Defined Benefit Pension Plan for Sworn Employees	103
Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Periods - CalPERS Defined Benefit Pension Plan for Miscellaneous Employees	104
Schedule of Plan Contributions – CalPERS Defined Benefit Pension Plan for Miscellaneous Employees	105
Schedule of Changes in Net OPEB Liability and Related Ratios for the Measurement Periods - Other Post Employment Plan	106

SUPPLEMENTAL STATEMENTS AND SCHEDULES

Combining and Individual Fund Financial Statements and Schedules

Other Governmental Funds:	107
Combining Balance Sheet	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	109
Other Special Revenue Funds:	111
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	116
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – County Sales Tax Measure M	120
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – State Gasoline Tax	121
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Systems Development	122
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Slurry Seal Fees	123
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Maintenance District	124
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Air Quality Improvement	125
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Fees and Exactions	126
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Special Events	127

City of Irvine
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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 – Shuttle	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	134
Permanent Fund:	137
Balance Sheet	138
Statement of Revenues, Expenditures, and Changes in Fund Balances	139
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Senior Services	140
Internal Service Funds:	143
Combining Statement of Net Position	144
Combining Statement of Revenues, Expenses, and Changes in Net Position	145
Combining Statement of Cash Flows	146
Fiduciary Funds:	149
Combining Statement of Fiduciary Net Position – Pension and Employee Benefit Trust Funds	150
Combining Statement of Changes in Fiduciary Net Position – Pension and Employee Benefit Trust Funds	151
Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds	152
Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds	153
Combining Statement of Net Position – Agency Funds	154
Combining Statement of Changes in Assets and Liabilities – Agency Funds	160
STATISTICAL SECTION	
Statistical Section:	169
Net Position by Component – Last Ten Fiscal Years	170
Changes in Net Position – Last Ten Fiscal Years	172
Fund Balances of Governmental Funds – Last Ten Fiscal Years	174
Changes in Fund Balances of Governmental Funds – 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

City of Irvine
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

TABLE OF CONTENTS (CONTINUED)	PAGE
STATISTICAL SECTION (CONTINUED)	
Taxable Sales by Category – Last Ten Fiscal Years	180
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	182
Principal Property Taxpayers – Current Year and Nine Years Ago	183
Property Tax Levies and Collections – Last Ten Fiscal Years	184
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	185
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	186
Schedule of Direct and Overlapping Bonded Debt	187
Legal Debt Margin – Last Ten Fiscal Years	188
Demographic and Economic Statistics – Last Ten Fiscal Years	190
Principal Employers – Current Year and Nine Years Ago	191
Budgeted Full-Time, Part-Time, and Non-Hourly Positions by Function – Last Ten Fiscal Years	192
Capital Assets Statistics – Last Ten Fiscal Years	193
Operating Indicators by Function – Last Ten Fiscal Years	194
Miscellaneous Statistical Information	196





November 5, 2018

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, 2018. 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, 2018 are free of material misstatement. The independent auditor concluded it was reasonable to render an unmodified opinion and that the City's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. Their report is presented in the beginning 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 the 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 by land area 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 276,176 in 2018.

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, community services, 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. The various 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 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. Irvine ranked 2nd Best Place to Raise a Family and 27th overall among 300 U.S. cities for Best Real Estate Market both by WalletHub, 15th on Livability.com's list for Top 100 Best Places to Live. The Fiscal Times for the second year in a row ranked Irvine #1 Major City in Fiscal Strength. The Trust for Public Land identified Irvine as having the 10th best park system in the United States and Irvine received the 2017 Award of Excellence for Facility Design from the California Park and

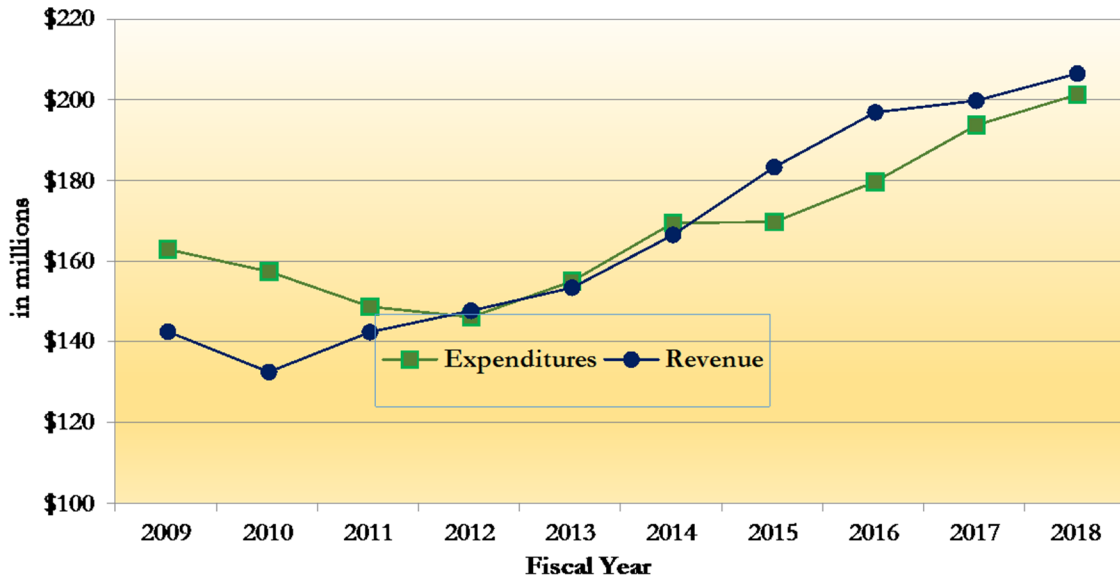
Recreation society for the Quail Hill Community Center. Based on the Federal Bureau of Investigations data for thirteen consecutive years the City has had the lowest per capita violent crime rate in the nation with populations of more than 250,000 residents. Irvine was also listed 10th on the list of 50 Safest College Towns in America by SafeWise.

The economy continues to grow, as 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 11,000 nonfarm jobs during the fiscal year. The largest year-over-year job increase was in educational, health services and professional business services, while manufacturing and financial activities had the largest declines. The unemployment rate for the County fell from 4.2 percent in August 2017 down to 3.2 percent for August 2018.

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 2017-18 increased 3.4 percent from the prior fiscal year. Expenditures increased by 3.9 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

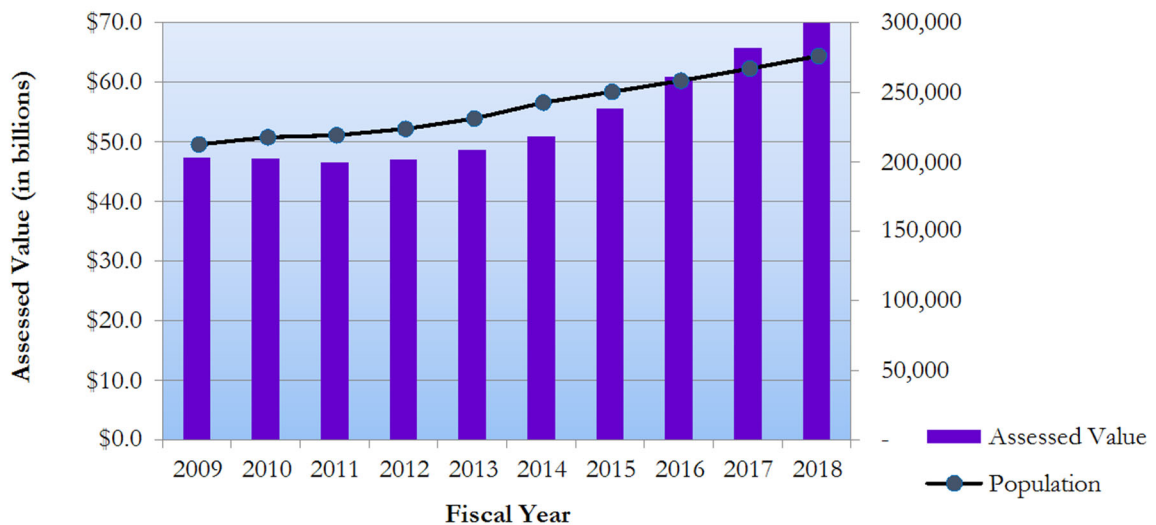


The last few years the City has seen significant growth, realizing gains in all economic areas. Recent economic conditions indicate a flattening of the economy with little to no growth projected in some areas next year. Property tax is the City's largest General Fund revenue source with revenues of \$65.0 million, an increase of 9.4 percent over the prior fiscal year. Sales tax is the second largest General Fund revenue source with revenues of \$63.9 million, an increase of 1.3 percent over the prior fiscal

year. In addition, hotel taxes finished 18.9 percent over the prior year due to the addition of three new hotels. In total, General Fund revenues are forecasted to have an increase of 4.4 percent in the 2018-19 fiscal year, with the largest increase expected to come from property and hotel tax revenues.

Since 2004, when the State swapped cities' motor vehicle license fee (VLF) allocations for additional property tax revenue, property taxes continues to become a more significant revenue source. Property tax growth reflects both new development and increasing property values in Irvine. In the fiscal year 2017-18, the City's assessed property value grew 9.3 percent to \$71.9 billion. In June, the Orange County Assessor reported Irvine's assessed property valuation will increase another 9.0 percent for the fiscal year 2018-19, leading the county with an assessed value of \$78.4 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 270,000 in 2018.

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 to 25 percent of General Fund adopted operating budget over the next year;
- Expand the police force to maintain the City's high quality public safety services as the City grows;
- Fund infrastructure rehabilitation;
- Develop parks;
- Recruit and retain high quality employees;

- 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 deficit 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 status within 10 years, by making acceleration payment with funds from the City's Asset Management Plan.

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 operating budget 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, 2018, the contingency reserve balance is \$42.2 million or 22.2 percent of fiscal year 2018-19 General Fund operating budget.

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, 2017. This was the 39th 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 2016-17 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, 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 stylized "Griffith".

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, 2017

Christopher P. Morill

Executive Director/CEO

IRVINE CITY OFFICIALS

June 30, 2018



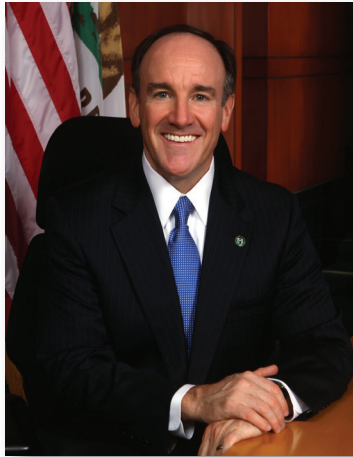
DONALD P. WAGNER
Mayor



CHRISTINA L. SHEA
Mayor Pro Tem



MELISSA FOX
Councilmember



JEFFREY LALLOWAY
Councilmember

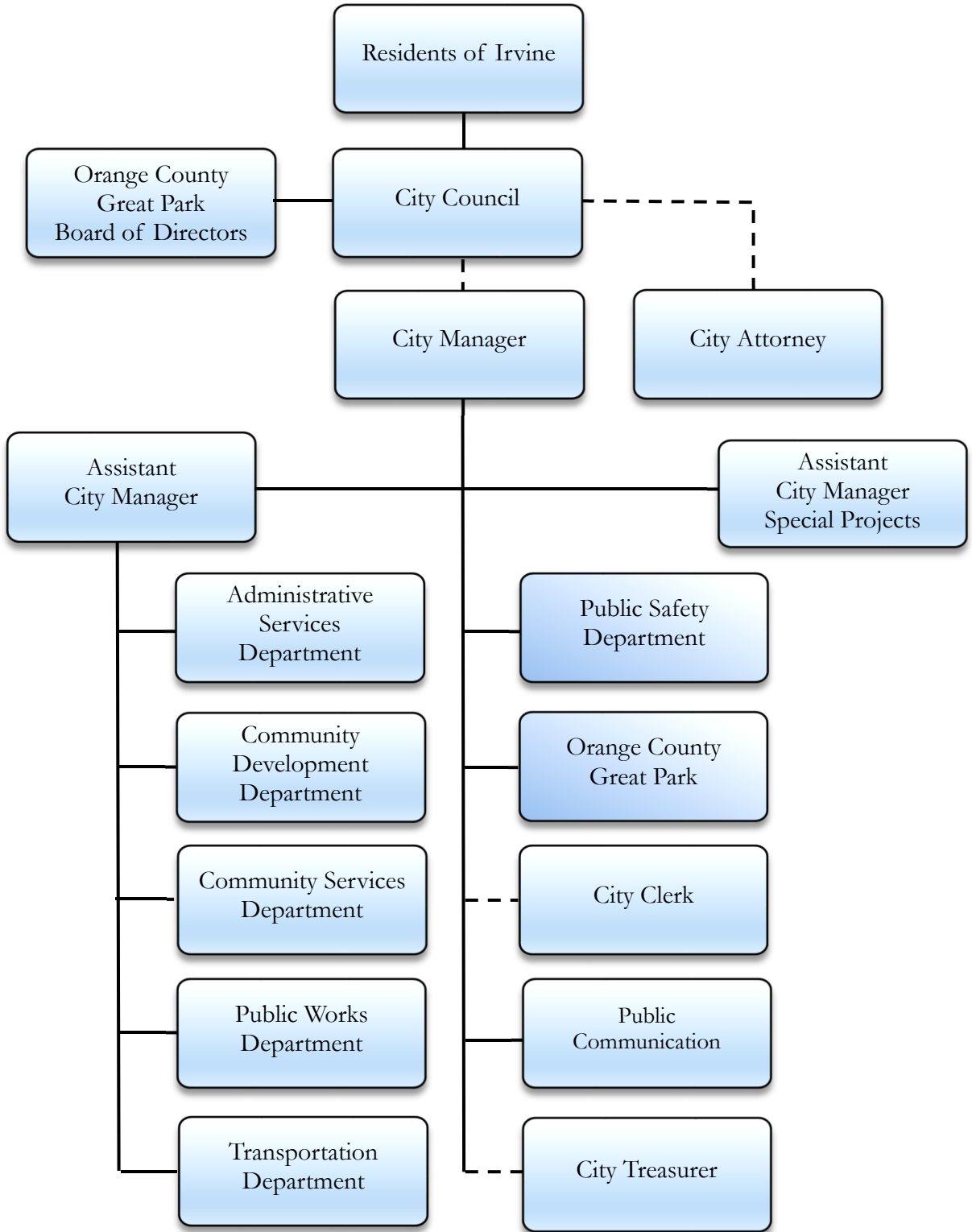


LYNN SCHOTT
Councilmember

Acting 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	Pete Carmichael
Director of Community Services	Laurie Hoffman
Interim 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
Director of Transportation.....	Mark Linsenmayer

City of Irvine Organizational Chart June 30, 2018



- - - - -
Appointed by



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, the discretely presented component unit, 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, 2018, 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 the Irvine Community Land Trust, which represent 100 percent of the assets, net position, and revenues of the discretely presented component 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 the 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 audited 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Irvine as of June 30, 2018, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Orange County Great Park special revenue fund, and the Local Park Fees 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 Notes I G and IV C to the financial statements, the City adopted Governmental Accounting Standards Board's (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions – An Amendment of GASB Statement No. 45*. The adoption of this standard required retrospective application resulting in a \$4,597,000 decrease of previously reported net position of the governmental activities. Also, as discussed in Notes III H to the financial statements, the Irvine Community Land Trust component unit amended its bylaws such that a change in reporting presentation from blended to discretely presented was required. The cumulative effect of this change resulted in a \$52,978,000 decrease of previously reported net position of the governmental activities, a \$52,964,000 increase of previously reported net position of the discretely presented component unit, and a \$40,694,000 decrease of previously reported fund balance of the other governmental funds. 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 pension plan contributions, and the schedule of changes in OPEB liability and related ratios, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements.

Other Matters (Continued)

Required Supplementary Information (Continued)

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 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 29, 2018, 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 Dick Evans LLP

Irvine, California
October 29, 2018

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, 2018. 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, community development, and transportation.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also four legally separate entities: the Orange County Great Park Corporation, Irvine Public Facilities Corporation, Irvine Public Facility Infrastructure Authority, and the Irvine Community Land Trust for which the City is financially accountable. The financial information for the Irvine Community Land Trust is reported separately from the financial information presented for the primary government itself. The Orange County Great Park

Corporation, Irvine Public Facilities Corporation, and Irvine Public Facility Infrastructure Authority although also legally separate, function for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government. 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, Capital Improvement Projects Fund, Local Park Fees 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, Orange County Great Park Fund, and Local Park Fees Fund to demonstrate compliance with the annual budget as adopted (original) and amended (final.)

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, telecommunication services, and information technology systems. Because these services benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

See Independent Auditors' Report

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.

[Balance of page intentionally left blank]

Financial Highlights

- At the fiscal year ended June 30, 2018, the government's total net position increased by \$120.41 million. The increase stems from an 8 percent increase in total revenue and merely a 6 percent increase in expenses. The largest revenue increases were in program revenues, property tax, and transient occupancy tax.
- As of June 30, 2018, the City's governmental funds reported a combined ending fund balance of \$1.00 billion, a decrease of \$40.28 million in comparison with the prior year. Revenues decreased by 26 percent. The largest reduction of revenue was the special district contributions received in the prior year from various community facility districts and assessment districts to be expended for future capital projects.
- At June 30, 2018, committed, assigned, and unassigned fund balance for the general fund was \$119.20 million or 59 percent of total general fund expenditures. This represents a decrease of \$4.99 million or 4 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 \$1.13 million during the current fiscal year, due to an increase of \$0.64 million of compensated absences (vacation and sick time) and \$0.49 million of claims payable (worker's comp and general liability).

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, 65 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, 2018 and 2017
(amounts expressed in thousands)

	Governmental	
	Activities	
	2018	As restated 2017
Assets		
Current and other assets	\$1,138,323	\$1,160,347
Capital assets	1,745,962	1,583,123
Total Assets	<u>2,884,285</u>	<u>2,743,470</u>
Deferred Outflow of Resources		
Pension related items	<u>72,582</u>	<u>59,295</u>
Liabilities		
Other liabilities	79,983	66,937
Long-term liabilities	187,374	168,268
Total Liabilities	<u>267,357</u>	<u>235,205</u>
Deferred Inflows of Resources		
Pension related items	<u>7,885</u>	<u>6,348</u>
Net Positions		
Net investment in capital assets	1,745,962	1,583,123
Restricted	493,547	543,161
Unrestricted	<u>442,116</u>	<u>434,928</u>
Total Net Positions	<u><u>\$2,681,625</u></u>	<u><u>\$2,561,212</u></u>

During the fiscal year ended June 30, 2018, the net position of the City increased to \$2.68 billion, of which \$1.75 billion was the net invested in capital assets such as equipment, buildings, and infrastructure. Of the remaining total, \$493.55 million, which is a decrease of \$49.61 million over the previous fiscal year, is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties. The decrease is due to a change in accounting principle for the Irvine Community Land Trust (Land Trust) as a discretely presented component unit during the current fiscal year. The Land Trust was reported as a blended component unit in the prior years. The net position of the Land Trust was restricted for housing programs. The remaining \$442.12 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, 2018 and 2017
(amounts expressed in thousands)

	Governmental Activities	
	2018	As restated 2017
Revenues		
Program revenues:		
Charges for services	\$ 84,375	\$ 91,615
Operating grants and contributions	36,550	25,238
Capital grants and contributions	185,320	170,654
General revenues:		
Property taxes	68,135	62,374
Sales taxes	62,834	61,617
Investment revenue	4,441	2,161
Other taxes	37,506	33,687
Other revenues	4,238	300
Total Revenues	483,399	447,646
Expenses		
General Government	46,151	36,470
Public Safety	77,266	71,939
Public Works	99,067	106,546
Community Services	46,104	40,291
Community Development	31,993	31,276
Transportation	3,408	-
Unallocated infrastructure depreciation	58,997	55,529
Total Expenses	362,986	342,051
Change in Net Positions	120,413	105,595
Beginning Net Positions, as restated	2,561,212	2,455,617
Ending Net Positions	\$ 2,681,625	\$ 2,561,212

Overall, Citywide revenues for the fiscal year ended June 30, 2018, increased by \$35.75 million, an 8 percent increase from the prior year. The areas of increase were within program revenues and taxes, specifically in property taxes and transient occupancy taxes.

- Program revenues observed a 6 percent increase over last year. The City received facilities and park amenities through development agreements during the fiscal year that attributed to the increase in program revenues.
- Property tax revenues continue to grow due to increase in development and home prices. Irvine's assessed property value increased above 9 percent over last year, consistent with the City's property tax revenue increase. Total property tax revenues were \$68.14 million.
- Transient occupancy taxes jumped 19 percent over last year's amount to \$18.63 million. The increase is due to three new hotels opened during the fiscal year and three existing hotels reopening after a full or partial remodel.

Total expenses increased \$20.94 million, or 6 percent from the prior year. General Government and Community Services experienced the largest increases of \$9.68 million and \$5.81 million, respectively.

- General Government is the administration of the City and is also responsible for the administration of the assessment districts. The increase of \$9.68 million is primarily due to returning surplus assessments in a few of the assessment districts to trustees and property owners.
- Community Services oversees the programs at the City's various parks and facilities, and offers resources and programs to the community. The increase of \$5.81 from the prior year is due to investment in personnel and technology. There was an increase in full-time and part-time staff to support additional community parks and city-wide programs. The City's parks and facilities have expanded along with the growth in development. Additional part-time personnel were hired to meet the demands at these new facilities. In addition, the department launched a new on-line reservation system for City programs and facility reservations.

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, 2018, the City's governmental funds reported total combined ending fund balances of \$1.00 billion, a decrease of \$40.28 million from the prior year. Approximately 50 percent of the City's governmental funds' fund balances, or \$498.55 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, \$505.95 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 \$0.50 million is a senior citizens services program endowment. The remaining restricted funds totaling \$505.45 million are comprised of \$480.04 million for capital improvement projects, circulation improvements, development activities, and maintenance, \$13.41 million for low-income housing, \$5.40 million set aside for emergencies, \$1.16 million for public education, \$0.88 million for public transportation, \$2.69 million for law enforcement purposes, \$0.45 million for air quality improvement activities, \$0.56 million for animal care, and \$0.86 million for senior, public service and community service activities.

General Fund Financial Highlights

The general fund is the chief operating fund of the City. At June 30, 2018, committed, assigned, and unassigned fund balance of the general fund was \$119.20 million, while total fund balance was \$125.14 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 59 percent of the total general fund expenditures. The City Council has designated all of the committed and assigned fund balances for specified purposes.

For the fiscal year ended June 30, 2018, the cash and investments balance in the General Fund was \$133.32 million, a decrease of \$2.33 million from the prior fiscal year.

City of Irvine
Summary of Change in Fund Balances - General Fund
For the Year Ended June 30, 2018 and 2017
(amounts expressed in thousands)

	<u>2018</u>	<u>2017</u>
Revenues		
Taxes:		
Property	\$ 65,049	\$ 59,470
Sales	63,853	63,063
Other	32,478	28,957
Total Taxes	<u>161,380</u>	<u>151,490</u>
Charges for services	28,055	32,934
Intergovernmental	691	506
Investment income	807	657
Other	15,587	14,267
Total Revenues	<u>206,520</u>	<u>199,854</u>
Expenditures		
General Government	30,904	30,198
Public Safety	74,448	70,708
Public Works	26,087	28,932
Community Development	28,072	28,123
Community Services	39,139	35,765
Transportation	2,624	-
Total Expenditures	<u>201,274</u>	<u>193,726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,246</u>	<u>6,128</u>
Proceeds from sale of property	28	21
Net transfers	<u>(7,105)</u>	<u>(7,418)</u>
Net Change in Fund Balance	<u>\$ (1,831)</u>	<u>\$ (1,269)</u>

Overall, General Fund revenues for the fiscal year ended June 30, 2018, increased by \$6.67 million, or 3 percent, over the prior year. Taxes contributed to the majority of the increase at \$9.89 million, a 7 percent increase over last year. The largest increase within the taxes was property tax of \$5.58 million, an increase of 9 percent over the prior year. The increase is attributable to continued new development in the City and the appreciation in Irvine's residential real estate prices.

See Independent Auditors' Report

Total General Fund expenditures increased by \$7.55 million, or 4 percent, from the prior year. Changes in expenditures, by function, occurred as follows during the fiscal year ended June 30, 2018.

- General Government expenditures increased by \$0.71 million to \$30.90 million. The change is in personnel cost due to increase in salaries and benefits during the fiscal year.
- Public Safety expenditures increased by \$3.74 million to \$74.45 million. Public Safety is entrusted with providing for the public's safety within the City's residential communities, commercial and industrial centers, and recreational and open space areas. The increase is a result of an expansion in sworn personnel to serve new developments within the City.
- Public Works expenditures decreased by \$2.85 million to \$26.09 million. The department develops, builds, and maintains the City's infrastructure and facilities. The Transportation division of Public Works split into its own departments at the beginning of the fiscal year. The organizational restructure caused the decrease of expenditures for the fiscal year.
- Community Development expenditures decreased by \$0.05 million to \$28.07 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.
- Community Services expenditures increased by \$3.37 million to \$39.14 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, seniors, and families. The increase in expenditure is due to personnel expansion and technology enhancements. There was an increase in full-time and part-time staff to support the community parks, child, youth and family services, and senior services. The City's parks and facilities have expanded with the growth of development. Additional part-time personnel were hired to meet the demands at these new facilities and programs. In addition, a new on-line reservation program was launched during the year.
- Transportation is a newly established department. Its first year expenditures were \$2.62 million. The Transportation department oversees all facets of transportation management, including traffic management and transit planning, and serves as the staff liaison to the City's Transportation Commission.

General Fund Budgetary Highlights

Differences between the General Fund adopted (original) budget expenditures and the amended (final) budget were \$0.60 million and are briefly summarized as follows:

Increases (Decreases) for activities:

- \$0.42 million for General Government.
- \$0.15 million for Community Services.
- \$0.03 million for Community Development.

In each of the functional expenditure categories, actual expenditures were under final budgeted amounts, totaling \$211.37 million and \$211.97 million, respectively. Additionally, for the fiscal year ended June 30, 2018, revenues received were less than budgetary estimates, at \$209.91 million for the original and final amended budget. Revenues received exceeded operating expenditures by \$5.25 million. In addition, there was a \$0.03 million sale of city property and net transfers to other funds of \$7.11 million. Overall, \$1.83 million was eliminated from ending fund balance bringing the fund balance at year-end to \$125.14 million.

See Independent Auditors' Report

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 \$24.58 million of which \$10.36 million was received from developers and \$10.02 million from property owners within certain special districts. Current year expenditures and transfers out were \$22.82 million for the development and operations of the Orange County Great Park. The ending fund balance is a combination of \$28.05 million of restricted funding and \$293.14 million of 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 \$15.18 million. Funding for these efforts is transferred from the Orange County Great Park Fund and Local Park Fees Fund. The ending fund balance of \$6.86 million is assigned to the purposes of this fund. Much of the development of the Orange County Great Park during the 2017-18 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 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 \$0.84 million as a result of revenues and other financing sources exceeding the \$8.08 million of capital expenditures. The ending fund balance of \$30.85 million is committed to future circulation construction improvements.

The Local Park Fees 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. The fund received \$7.25 million in local park fees and transferred out \$3.12 million for park development. The remaining fund balance of \$115.56 million is restricted for the development of recreational facilities within the various development area in the City.

Community Facilities Districts Fund accounts for infrastructure improvements associated with Columbus Grove, Central Park and Great Park improvement areas. Revenues are primarily from Community Facilities Districts contributions and expenditures are primarily for capital outlay. During the year, \$5.08 million in revenues, including interest, were received and \$66.92 million was expended. The ending fund balance of \$25.85 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, 2018, amounts to \$1.75 billion net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, park facilities, streets and roads, trails, and bridges. The net increase over the prior fiscal year in the City's investment in capital assets was \$162.84 million, or a 10 percent increase.

City of Irvine Summary of Change in Capital Assets For the Year Ended June 30, 2018 (amounts expressed in thousands)

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land, as restated	\$ 641,566	\$ 31,720	\$ 1,094	\$ 672,192
Construction in progress	36,746	50,186	5,365	81,567
Total capital assets not being depreciated, as restated	<u>678,312</u>	<u>81,906</u>	<u>6,459</u>	<u>753,759</u>
Capital assets, being depreciated:				
Buildings and systems, as restated	136,642	29,950	-	166,592
Improvements other than buildings	193,889	32,024	-	225,913
Machinery and equipment	36,043	3,368	3,269	36,142
Infrastructure	1,635,560	98,940	-	1,734,500
Total capital assets being depreciated, as restated	<u>2,002,134</u>	<u>164,282</u>	<u>3,269</u>	<u>2,163,147</u>
Less accumulated depreciation for:				
Buildings and systems, as restated	(62,806)	(3,521)	-	(66,327)
Improvements other than buildings	(77,865)	(11,085)	-	(88,950)
Machinery and equipment	(25,145)	(3,109)	3,091	(25,163)
Infrastructure	(931,507)	(58,997)	-	(990,504)
Total accumulated depreciation, as restated	<u>(1,097,323)</u>	<u>(76,712)</u>	<u>3,091</u>	<u>(1,170,944)</u>
Total capital assets, being depreciated, net, as restated	<u>904,811</u>	<u>87,570</u>	<u>178</u>	<u>992,203</u>
Governmental activities capital assets, net, as restated	<u>\$ 1,583,123</u>	<u>\$ 169,476</u>	<u>\$ 6,637</u>	<u>\$ 1,745,962</u>

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

- Infrastructure additions were \$98.94 million. Street additions accounted for \$68.67 million, traffic signal additions totaled \$6.27 million, bridge additions were \$2.06 million, trails increased by \$2.83 million, and landscaping additions were \$19.11 million.
- Machinery and equipment acquisitions of \$3.37 million included vehicles, computer hardware, computer software, and other types of machinery and equipment.
- Buildings and improvements other than buildings were \$61.97 million, which includes \$42.86 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.

See Independent Auditors' Report

Long-term Liabilities

Total outstanding long-term liability at June 30, 2018, was \$29.57 million, an increase of \$1.13 million from the prior year.

City of Irvine
Summary of Change in Long-Term Liabilities
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Balance			Balance		
	June 30, 2017	Increases	Decreases	June 30, 2018	Long-Term	Due Within One Year
Compensated absences	\$ 13,299	\$ 4,785	\$ 4,145	\$ 13,939	\$9,903	\$ 4,036
Claims payable	15,136	2,878	2,387	15,627	11,512	4,115
Total Long-Term Liabilities	<u>\$ 28,435</u>	<u>\$ 7,663</u>	<u>\$ 6,532</u>	<u>\$ 29,566</u>	<u>\$ 21,415</u>	<u>\$ 8,151</u>

Long-term liability-related events during the fiscal year ended June 30, 2018, included:

- Compensated absences liabilities increased by \$4.79 million and payouts to employees upon termination amounted to \$4.15 million or a net increase of \$0.64 million.
- A net increase to claims payable of \$0.49 million to adjust for possible future general liability and workers' compensation claims.

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 2017-18 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.



BASIC FINANCIAL STATEMENTS



City of Irvine
Statement of Net Position
June 30, 2018
(amount expressed in thousands)

	Primary Government	Component Unit
	Governmental Activities	Irvine Community Land Trust
ASSETS		
Cash and investments	\$ 836,589	\$ 12,680
Receivables, net of allowances:		
Taxes	15,947	-
Accounts	2,910	-
Accrued interest	5,614	502
Escrow deposits	1,199	-
Prepaid items	443	21
Inventories	82	-
Advances to the Successor Agency	235,962	-
Due from the primary government	-	18,812
Due from other governments	9,216	-
Due from developers	24,332	-
Long-term notes receivable, net of allowances	6,029	4,371
Capital assets, not being depreciated:		
Land	672,192	16,000
Construction in progress	81,567	-
Capital assets, net of accumulated depreciation:		
Buildings and systems	100,265	2,103
Improvements other than buildings	136,963	-
Machinery and equipment	10,979	2
Infrastructure	743,996	-
Total Assets	<u>2,884,285</u>	<u>54,491</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	72,582	-
Total Deferred Outflows of Resources	<u>72,582</u>	<u>-</u>
LIABILITIES		
Accounts payable	18,866	-
Accrued liabilities	23,556	16
Due to component unit	18,812	-
Due to other governments	178	-
Deposits	10,374	9
Retentions payable	930	-
Unearned revenue	7,267	-
Noncurrent liabilities:		
Due within one year	8,151	-
Due in more than one year	21,415	-
Net other post employment benefits	6,783	-
Net pension	151,025	-
Total Liabilities	<u>267,357</u>	<u>25</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	7,885	-
Total Deferred Inflows of Resources	<u>7,885</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,745,962	18,105
Restricted:		
Expendable:		
Assessment infrastructure and capital improvements	456,915	-
Housing programs	19,441	36,361
Public safety programs	2,789	-
Other programs and activities	13,903	-
Nonexpendable:		
Senior Services Fund program	499	-
Unrestricted	442,116	-
Total Net Position	<u>\$ 2,681,625</u>	<u>\$ 54,466</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements

City of Irvine
Statement of Activities
For the Fiscal Year Ended June 30, 2018
(amount expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
Primary Government						
Governmental Activities:						
General Government	\$ 46,151	\$ 9,805	\$ 12,520	\$ 2,640	\$ (21,186)	\$
Public Safety	77,266	2,870	1,313	-	(73,083)	
Public Works	99,067	30,947	12,692	179,695	124,267	
Community Services	46,104	15,230	1,097	-	(29,777)	
Community Development	31,993	25,296	8,877	2,985	5,165	
Transportation	3,408	227	51	-	(3,130)	
Unallocated infrastructure depreciation	58,997	-	-	-	(58,997)	
Total Governmental Activities	<u>\$ 362,986</u>	<u>\$ 84,375</u>	<u>\$ 36,550</u>	<u>\$ 185,320</u>	<u>\$ (56,741)</u>	
Component Unit						
Irvine Community Land Trust	\$ 783	\$ 125	\$ -	\$ -		(658)
Total Component Unit	<u>\$ 783</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ -</u>		<u>(658)</u>
General Revenues						
Taxes:						
Property taxes					68,135	-
Sales taxes					62,834	-
Franchise taxes					14,243	-
Transient occupancy taxes					18,632	-
Document transfer taxes					4,631	-
Unrestricted motor vehicle in-lieu					140	-
Gain on sales of assets					3,884	-
Investment revenue					4,441	2,160
Other revenue					214	-
Total General Revenues					177,154	2,160
Change in Net Position					120,413	1,502
Total Net Position, Beginning, as restated					2,561,212	52,964
Total Net Position, Ending					<u>\$ 2,681,625</u>	<u>\$ 54,466</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine
Balance Sheet
Governmental Funds
June 30, 2018
(amount expressed in thousands)
Page 1 of 2**

	<u>General</u>	<u>Orange County Great Park</u>	<u>Orange County Great Park Development</u>	<u>Capital Improvement Projects</u>
ASSETS				
Cash and investments	\$ 133,318	\$ 109,646	\$ 7,077	\$ 33,254
Receivables, net of allowances:				
Taxes	14,857	88	-	-
Accounts	2,118	112	-	-
Accrued interest	276	203	10	60
Escrow deposits	-	-	719	-
Prepaid items	5	-	-	-
Due from other funds	124	-	-	-
Due from other governments	1,570	2,138	-	3,753
Due from developers	-	-	-	826
Due from the Successor Agency	-	235,962	-	-
Long-term notes receivable, net of allowances	-	-	-	-
Total Assets	\$ 152,268	\$ 348,149	\$ 7,806	\$ 37,893
LIABILITIES				
Accounts payable	\$ 7,985	\$ 1,137	\$ 931	\$ 1,978
Accrued liabilities	4,600	-	-	-
Due to component unit	-	23,596	-	-
Due to other funds	-	22	-	-
Due to other governments	145	2	-	-
Retentions payable	-	-	14	158
Deposits	9,866	-	-	427
Unearned revenue	4,453	68	-	21
Total Liabilities	27,049	24,825	945	2,584
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	78	2,138	-	4,463
Total Deferred Inflows of Resources	78	2,138	-	4,463
FUND BALANCES (DEFICITS)				
Nonspendable	5	-	-	-
Restricted	5,936	28,049	-	23
Committed	36,811	-	-	30,604
Assigned	72,601	293,137	6,861	219
Unassigned	9,788	-	-	-
Total Fund Balances (Deficits)	125,141	321,186	6,861	30,846
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	\$ 152,268	\$ 348,149	\$ 7,806	\$ 37,893

- continued -

See Independent Auditors' Report and Notes to the Basic Financial Statements

City of Irvine
Balance Sheet
Governmental Funds
June 30, 2018
(amount expressed in thousands)
Page 2 of 2

	Local Park Fees	Community Facilities Districts	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 115,339	\$ 41,325	\$ 361,944	\$ 801,903
Receivables, net of allowances:				
Taxes	-	-	1,002	15,947
Accounts	-	-	461	2,691
Accrued interest	218	126	821	1,714
Escrow deposits	-	-	480	1,199
Prepaid items	-	-	-	5
Due from other funds	-	-	22	146
Due from other governments	-	-	1,694	9,155
Due from developers	-	-	23,498	24,324
Due from the Successor Agency	-	-	-	235,962
Long-term notes receivable, net of allowances	-	-	6,029	6,029
Total Assets	\$ 115,557	\$ 41,451	\$ 395,951	\$ 1,099,075
LIABILITIES				
Accounts payable	\$ -	\$ 24	\$ 3,367	\$ 15,422
Accrued liabilities	-	15,573	3,158	23,331
Due to component unit	-	-	-	23,596
Due to other funds	-	-	124	146
Due to other governments	-	-	9	156
Retentions payable	-	-	758	930
Deposits	-	-	81	10,374
Unearned revenue	-	-	2,725	7,267
Total Liabilities	-	15,597	10,222	81,222
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	6,673	13,352
Total Deferred Inflows of Resources	-	-	6,673	13,352
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	499	504
Restricted	115,557	25,854	330,032	505,451
Committed	-	-	46,305	113,720
Assigned	-	-	4,416	377,234
Unassigned	-	-	(2,196)	7,592
Total Fund Balances (Deficits)	115,557	25,854	379,056	1,004,501
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	\$ 115,557	\$ 41,451	\$ 395,951	\$ 1,099,075

See Independent Auditors' 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, 2018
(amount expressed in thousands)

Total Fund Balances of Governmental Funds		\$ 1,004,501
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 \$8,127.		
Governmental capital assets		\$ 2,893,021
Less: accumulated depreciation		<u>(1,155,186)</u>
		1,737,835
Accrued interest and long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds.		3,974
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.		6,029
Deferred outflow related to pension contributions made subsequent to the measurement date, net of the Internal Service Funds of \$1,099.		71,483
Revenues 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		4,463
Grant Fund		169
Park Development Fund		403
General Fund		78
Orange County Great Park Fund		2,138
Irvine Business Complex Fund		63
Shuttle Fund		<u>9</u>
		7,323
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.		(6,783)
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.		22,240
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 (\$326)		(13,612)
For governmental funds, long-term agreements between the funds and component units are recorded at full value of the agreement, but for reporting in the statement of net position, the agreement is reported at net present value.		4,784
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 (\$2,613).		(148,413)
Deferred inflow related to pension items differences between expected and actual experience and net investment income, net of the Internal Service Funds of (\$149)		<u>(7,736)</u>
Net Position of Governmental Activities		<u><u>\$ 2,681,625</u></u>

See Independent Auditors' 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, 2018
(amount expressed in thousands)
Page 1 of 2

	General	Orange County Great Park	Orange County Great Park Development	Capital Improvement Projects
REVENUES				
Taxes	\$ 161,380	\$ -	\$ -	\$ -
Licenses and permits	9,766	-	-	-
Fines and forfeitures	1,415	-	-	-
Investment income	807	83	(28)	73
Intergovernmental	691	-	-	1,901
Charges for services	28,055	4,062	-	-
Contributions from property owners- Special districts contributions	-	-	-	-
Revenue from developers	-	10,364	-	-
Special assessments	-	10,016	-	-
Donations	16	-	-	-
Other revenue	4,390	58	-	522
Total Revenues	<u>206,520</u>	<u>24,583</u>	<u>(28)</u>	<u>2,496</u>
EXPENDITURES				
Current:				
General Government	30,904	2,602	3	55
Public Safety	74,448	533	-	-
Public Works	26,087	3,897	4	312
Community Development	28,072	27	-	4
Community Services	39,139	4,738	-	-
Transportation	2,624	-	-	-
Capital outlay	-	-	15,173	7,711
Total Expenditures	<u>201,274</u>	<u>11,797</u>	<u>15,180</u>	<u>8,082</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,246</u>	<u>12,786</u>	<u>(15,208)</u>	<u>(5,586)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	28	-	-	-
Transfers in	367	-	18,115	6,429
Transfers out	(7,472)	(11,021)	-	-
Total Other Financing Sources (Uses)	<u>(7,077)</u>	<u>(11,021)</u>	<u>18,115</u>	<u>6,429</u>
Net Change in Fund Balances	(1,831)	1,765	2,907	843
Fund Balances, Beginning, as restated	<u>126,972</u>	<u>319,421</u>	<u>3,954</u>	<u>30,003</u>
Fund Balances, Ending	<u>\$ 125,141</u>	<u>\$ 321,186</u>	<u>\$ 6,861</u>	<u>\$ 30,846</u>

- continued -

See Independent Auditors' 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, 2018
(amount expressed in thousands)
Page 2 of 2

	Local Park Fees	Community Facilities Districts	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ -	\$ -	\$ 29,287	\$ 190,667
Licenses and permits	-	-	40	9,806
Fines and forfeitures	-	-	-	1,415
Investment income	274	1,051	2,193	4,453
Intergovernmental	-	-	4,991	7,583
Charges for services	-	-	2,109	34,226
Contributions from property owners-				
Special districts contributions	-	2,640	17,036	19,676
Revenue from developers	7,245	-	17,117	34,726
Special assessments	-	1,391	8,833	20,240
Donations	-	-	611	627
Other revenue	-	-	168	5,138
Total Revenues	<u>7,519</u>	<u>5,082</u>	<u>82,385</u>	<u>328,557</u>
EXPENDITURES				
Current:				
General Government	-	1	10,984	44,549
Public Safety	-	-	2,229	77,210
Public Works	-	239	20,610	51,149
Community Development	-	-	2,475	30,578
Community Services	-	-	1,035	44,912
Transportation	-	-	774	3,398
Capital outlay	-	66,679	32,100	121,663
Total Expenditures	<u>-</u>	<u>66,919</u>	<u>70,207</u>	<u>373,459</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,519</u>	<u>(61,837)</u>	<u>12,178</u>	<u>(44,902)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	-	3,999	4,027
Transfers in	-	-	21,670	46,581
Transfers out	(3,122)	-	(24,366)	(45,981)
Total Other Financing Sources (Uses)	<u>(3,122)</u>	<u>-</u>	<u>1,303</u>	<u>4,627</u>
Net Change in Fund Balances	4,397	(61,837)	13,481	(40,275)
Fund Balances, Beginning, as restated	<u>111,160</u>	<u>87,691</u>	<u>365,575</u>	<u>1,044,776</u>
Fund Balances, Ending	<u>\$ 115,557</u>	<u>\$ 25,854</u>	<u>\$ 379,056</u>	<u>\$ 1,004,501</u>

See Independent Auditors' 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, 2018
(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		\$ (40,275)
<p>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:</p>		
Expenditures for capital outlays		\$ 121,663
Expenditures for capital equipment purchases		1,020
Less amounts not capitalized		(36,880)
Depreciation expense		<u>(74,390)</u>
		11,413
<p>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.</p>		
Donation of capital infrastructure assets		151,010
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Interest		258
Charges for services		(2,146)
Grants		1,252
Sales taxes		(1,020)
Transient occupancy taxes		(58)
Other revenue		<u>2,137</u>
		423
<p>Long-term receivables and related unavailable revenue are recognized as expenditures in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. However, these payments reduce the unearned revenue in the Statement of Net Position and do not result in an expense in the Statement of Activities.</p>		
		366
<p>Governmental funds do not report the changes in the net pensions and other post employment benefit plan, since it does not provide or require the use of current financial resources.</p>		
Defined Benefit Pension Plans		1,421
Other Post Employment Benefit Plan		<u>(336)</u>
		1,085
<p>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.</p>		
Compensated absences		(523)
Due to component unit		<u>(1,559)</u>
		(2,082)
<p>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.</p>		
		<u>(1,527)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 120,413</u></u>



City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 159,850	\$ 159,850	\$ 161,380	\$ 1,530
Licenses and permits	10,196	10,196	9,766	(430)
Fines and forfeitures	1,482	1,482	1,415	(67)
Investment income	2,180	2,180	807	(1,373)
Intergovernmental	347	347	691	344
Charges for services	31,402	31,402	28,055	(3,347)
Donations	5	5	16	11
Other revenue	4,451	4,451	4,390	(61)
	209,913	209,913	206,520	(3,393)
EXPENDITURES				
Current:				
City Manager	12,166	12,514	10,813	1,701
Administrative Services	21,549	21,628	20,091	1,537
Public Safety	75,160	75,160	74,448	712
Public Works	27,380	27,380	26,087	1,293
Community Development	32,032	32,059	28,072	3,987
Community Services	40,128	40,278	39,139	1,139
Transportation	2,955	2,955	2,624	331
	211,370	211,974	201,274	10,700
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,457)	(2,061)	5,246	7,307
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	30	30	28	(2)
Transfers in	333	399	367	(32)
Transfers out	(11,464)	(12,435)	(7,472)	4,963
	(11,101)	(12,006)	(7,077)	4,929
Net Change in Fund Balances	(12,558)	(14,067)	(1,831)	12,236
Fund Balances, Beginning	126,972	126,972	126,972	-
Fund Balances, Ending	\$ 114,414	\$ 112,905	\$ 125,141	\$ 12,236

See Independent Auditors' Report and Notes to the Basic Financial Statements

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, 2018
(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	\$ 868	\$ 868	\$ 83	\$ (785)
Charges for services	7,023	7,023	4,062	(2,961)
Revenue from developers	2,750	2,750	10,364	7,614
Special assessments	10,079	10,079	10,016	(63)
Other revenue	-	-	58	58
Total Revenues	<u>20,720</u>	<u>20,720</u>	<u>24,583</u>	<u>3,863</u>
EXPENDITURES				
Current:				
City Manager				
Personnel	1,238	1,238	1,007	231
Supplies	109	109	16	93
Internal service allocations	52	52	52	-
Contract services	2,566	2,687	1,250	1,437
Training and business expenses	30	30	2	28
Capital equipment	20	20	-	20
Miscellaneous	106	106	30	76
Total City Manager	<u>4,121</u>	<u>4,242</u>	<u>2,357</u>	<u>1,885</u>
Administrative Services				
Personnel	401	401	231	170
Internal service allocations	11	11	11	-
Contract services	7	7	3	4
Training and business expenses	2	2	-	2
Total Administrative Services	<u>421</u>	<u>421</u>	<u>245</u>	<u>176</u>
Public Safety				
Personnel	543	543	473	70
Supplies	4	4	3	1
Internal service allocations	7	7	7	-
Capital equipment	80	80	50	30
Total Public Safety	<u>634</u>	<u>634</u>	<u>533</u>	<u>101</u>
Public Works				
Personnel	844	844	812	32
Supplies	133	133	94	39
Internal service allocations	26	26	26	-
Contract services	4,679	5,610	2,510	3,100
Training and business expenses	6	6	-	6
Utilities	742	742	437	305
Capital equipment	32	32	18	14
Total Public Works	<u>6,462</u>	<u>7,393</u>	<u>3,897</u>	<u>3,496</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, 2018
(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	54	54	3	51
Supplies	3	3	-	3
Contract services	606	606	24	582
Total Community Development	<u>663</u>	<u>663</u>	<u>27</u>	<u>636</u>
Community Services				
Personnel	2,722	2,722	2,406	316
Supplies	325	325	230	95
Internal service allocations	655	655	655	-
Contract services	2,384	2,384	1,032	1,352
Training and business expenses	36	36	8	28
Capital equipment	268	268	266	2
Miscellaneous	212	212	141	71
Repairs and maintenance	9	9	-	9
Total Community Services	<u>6,611</u>	<u>6,611</u>	<u>4,738</u>	<u>1,873</u>
Transportation				
Contract services	100	100	-	100
Total Transportation	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Total Expenditures	<u>19,012</u>	<u>20,064</u>	<u>11,797</u>	<u>8,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,708</u>	<u>656</u>	<u>12,786</u>	<u>12,130</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,143)	(11,021)	(11,021)	-
Total Other Financing Sources (Uses)	<u>(5,143)</u>	<u>(11,021)</u>	<u>(11,021)</u>	<u>-</u>
Net Change in Fund Balances	(3,435)	(10,365)	1,765	12,130
Fund Balances, Beginning	<u>319,421</u>	<u>319,421</u>	<u>319,421</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 315,986</u>	<u>\$ 309,056</u>	<u>\$ 321,186</u>	<u>\$ 12,130</u>

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Local Park Fees
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 1,415	\$ 1,415	\$ 274	\$ (1,141)
Revenue from developers	8,379	8,379	7,245	(1,134)
Total Revenues	9,794	9,794	7,519	(2,275)
OTHER FINANCING SOURCES (USES)				
Transfers out	(45,473)	(47,576)	(3,122)	44,454
Total Other Financing Sources (Uses)	(45,473)	(47,576)	(3,122)	44,454
Net Change in Fund Balances	(35,679)	(37,782)	4,397	42,179
Fund Balances, Beginning	111,160	111,160	111,160	-
Fund Balances, Ending	\$ 75,481	\$ 73,378	\$ 115,557	\$ 42,179

City of Irvine
Statement of Net Position
Proprietary Funds
June 30, 2018
(amounts expressed in thousands)

	<u>Governmental Activities- Internal Service Funds</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 34,686
Receivables, net of allowances:	
Accounts	87
Accrued interest	66
Prepaid items	438
Inventories	82
Due from other governments	61
Total Current Assets	<u>35,420</u>
Noncurrent Assets:	
Capital assets:	
Equipment	23,885
Less accumulated depreciation	(15,758)
Total Noncurrent Assets	<u>8,127</u>
Total Assets	<u>43,547</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	1,099
Total Deferred Outflows of Resources	<u>1,099</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	3,444
Accrued liabilities	225
Due to other governments	22
Compensated absences	94
Claims payable	4,115
Total Current Liabilities	<u>7,900</u>
Noncurrent Liabilities:	
Compensated absences	232
Claims payable	11,512
Net pension	2,613
Total Noncurrent Liabilities	<u>14,357</u>
Total Liabilities	<u>22,257</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	149
Total Deferred Inflows of Resources	<u>149</u>
Net investment in capital assets	8,127
Unrestricted	14,113
Total Net Position	<u>\$ 22,240</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements

City of Irvine
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	\$ 27,940
Intergovernmental	60
Other	72
Total Operating Revenues	<u>28,072</u>
OPERATING EXPENSES	
Salaries and benefits	4,292
Supplies and equipment	7,174
Contract services	9,378
Administration	1,480
Self-insured losses	3,064
Insurance premiums	2,483
Depreciation	2,322
Total Operating Expenses	<u>30,193</u>
Operating Income (Loss)	<u>(2,121)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	113
Gain (loss) on disposal of equipment	163
Total Nonoperating Revenues	<u>276</u>
Income (Loss) Before Capital Contributions and Transfers	(1,845)
Capital contributions	918
Transfers in	925
Transfers out	(1,525)
Change in Net Position	(1,527)
Total Net Position, Beginning	<u>23,767</u>
Total Net Position, Ending	<u><u>\$ 22,240</u></u>

City of Irvine
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Governmental Activities- Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers and users	\$ 94
Received from interfund services provided	27,940
Paid to suppliers and providers	(22,295)
Paid for salaries and benefits	(4,209)
	<hr/>
Net Cash Provided (Used) by Operating Activities	1,530
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from other funds	925
Transfers to other funds	(1,525)
	<hr/>
Net Cash Provided (Used) by Non-Capital Financing Activities	(600)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of equipment	385
Equipment purchases	(2,040)
	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,655)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	105
	<hr/>
Net Cash Provided (Used) by Investing Activities	105
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(620)
Cash and Cash Equivalents, Beginning of Fiscal Year	35,306
	<hr/>
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 34,686</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (2,121)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	2,322
(Increase) decrease in receivables, net of allowances	16
(Increase) decrease in prepaid items	(166)
(Increase) decrease in due from other funds	(54)
(Increase) decrease in inventories	13
(Increase) decrease in deferred outflows	(172)
Increase (decrease) in accounts payable	751
Increase (decrease) in accrued liabilities	188
Increase (decrease) in due to other governments	7
Increase (decrease) in deferred revenue	43
Increase (decrease) in compensated absences	116
Increase (decrease) in claims payable	491
Increase (decrease) in net pension	96
	<hr/>
Total Adjustments	3,651
	<hr/>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,530</u>
Schedule of Non-Cash and Related Financing Activities	
Contribution of Capital Assets	<u>\$ 918</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements



City of Irvine
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017 and June 30, 2018
(amounts expressed in thousand)

	<u>December 31, 2017</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	\$ 284	\$ 5,088	\$ 122,522
Receivables, net of allowances:			
Taxes	-	-	1,182
Accounts	10	-	2,186
Accrued interest	-	8	486
Loans	45	-	-
Due from other governments	-	235,962	-
Due from developers	-	-	732
Investments:			
Pooled funds	23,754	-	-
Mutual funds - closed end funds equity	201	-	-
Mutual funds - equity	4,391	-	-
Mutual funds - corporate bonds	591	-	-
Mutual funds - balanced	225	-	-
Wells Fargo funds - balanced	898	-	-
Total Assets	<u>30,399</u>	<u>241,058</u>	<u>127,108</u>
LIABILITIES			
Accounts payable	13	3,979	780
Accrued liabilities	21	-	6
Due to other funds	-	-	88
Advances from the City of Irvine	-	235,962	-
Due to bondholders	-	-	123,978
Due to other governments	-	-	2,256
Total Liabilities	<u>34</u>	<u>239,941</u>	<u>127,108</u>
NET POSITION			
Net position restricted for pensions	30,365	-	-
Held in trust for enforceable obligations	-	1,117	-
Total Net Position	<u>\$ 30,365</u>	<u>\$ 1,117</u>	<u>\$ -</u>

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, 2017 and June 30, 2018
(amounts expressed in thousands)

	<u>December 31, 2017</u>	
	<u>Pension and Employee Benefit Trust Funds</u>	<u>Successor Agency Private- Purpose Trust Funds</u>
ADDITIONS		
Contributions:		
Employer	\$ 298	\$ -
Plan members	93	-
Interest from participants' loan	2	-
Total Contributions	<u>393</u>	<u>-</u>
Investment income (loss):		
Interest and dividends	85	-
Net appreciation (depreciation) in fair value of investments	2,958	-
Total Investment Income	3,043	-
Less: investment expenses	<u>(94)</u>	<u>-</u>
Net Investment Income	2,949	-
Taxes	-	4,173
Investment income	<u>-</u>	<u>(9)</u>
Total Additions	<u>3,342</u>	<u>4,164</u>
DEDUCTIONS		
Benefit payments	1,602	-
Distributions to the County Administration	-	3,973
	45	47
Total Deductions	<u>1,647</u>	<u>4,020</u>
Change in Net Position	1,695	144
Total Net Position, Beginning	<u>28,670</u>	<u>973</u>
Total Net Position, Ending	<u>\$ 30,365</u>	<u>\$ 1,117</u>

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, 2018
(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.

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.

Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Unit

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-

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

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 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.

Discretely Presented Component Unit

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. The Land Trust board of directors is comprised of seven at-large directors appointed by its Board. The at-large directors must be residents of and/or work in the City of Irvine. Two of the seven at-large directors may be nominated by the City. The Land Trust receives its primary income from rental activities and contributions from the City. Separately issued financial reports are available for the Land Trust. These reports may be obtained by contacting the Irvine Community Land Trust, 930 Roosevelt Avenue, Suite 106, Irvine, California, 92620.

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, 2018
(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.

As discussed earlier, the government has a discretely presented component unit. While the Irvine Community Land Trust is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

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 used to account for expenditures related to the planning, design, demolition and constructing the Orange County Great Park.

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

The Local Park Fees Fund, is a special revenue fund that records the fees received under the Subdivision Map Act of the California State Constitution that requires the developers to either contribute land or pay fees to provide recreational facilities within a development area.

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

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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Capital Projects Funds account for financial resources used for the acquisition and 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.

Proprietary Funds

Internal Service Funds records the 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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

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.

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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

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.

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, 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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

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.

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	5 - 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, \$72,582 deferred for outflows of resources related to pension - this balances represent current fiscal year contribution to the pension plans that will be applied as a reduction in net pension liability in the next fiscal year; or other items arising from changes in actuarial assumptions, difference between actual and projected experience, or difference between actual and projected investment gains/losses; the amount will be amortized and reported as a component in pension expense in future fiscal years.

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:

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

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. Deferred inflows of resources related to pension are certain changes in total pension liability and fiduciary net position that are to be recognized as an increase in pension expenses in future fiscal years. These balances arise from changes in actuarial assumptions, difference between actual and projected experience, or difference between actual and projected investment gains/losses.

Deferred inflows of resources that are included in the governmental fund financial statements and government-wide statements at June 30, 2018, are as follows:

	General Fund	Orange County Great Park	Capital Improvement Projects	Other Governmental Funds	Total
<u>Governmental Funds:</u>					
Grants	\$ -	\$ -	\$ 4,463	632	\$ 5,095
Revenue from developer	-	2,138	-	-	2,138
Notes and long-term receivable	-	-	-	6,029	6,029
Other revenue	78	-	-	12	90
Total	<u>\$ 78</u>	<u>\$ 2,138</u>	<u>\$ 4,463</u>	<u>\$ 6,673</u>	<u>\$ 13,352</u>
<u>Government-wide:</u>					
Pension related items					<u>\$ 7,885</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

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

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, 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 \$6,029.

Developer loans	\$	13,517
Rehabilitation loans		1,883
First time home buyer assistance loans		713
Total		16,113
Allowance for doubtful accounts		(10,084)
Long-Term Notes Receivable, Net	\$	6,029

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

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

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.

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. The General Fund is used to liquidate the pension liabilities.

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, 2016	June 30, 2016
Measurement Date (MD)	December 31, 2017	June 30, 2017
Measurement Period (MP)	January 1, 2017 to December 31, 2017	July 1, 2016 to June 30, 2017

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflow of resources and deferred inflow of resources related to OPEB, and OPEB expense have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. The General Fund is used to liquidate the OPEB liabilities.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For the report, the following timeframes are used:

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

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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Restricted fund balance 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 resolutions. 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 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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

G. Implementation of New GASB Pronouncements

In fiscal year ended June 30, 2018, the City adopted the following accounting standards.

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. The result of implementation is a \$4,597 reduction in beginning net position in the statement of activities.

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. This standard did not impact the City.

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. This standard did not impact the City.

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. This standard did not impact the City.

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. This standard did not impact the City.

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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

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. 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.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* becomes effective for reporting periods beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements.

GASB Statement No. 89, *Accounting For Interest Cost Incurred Before the End of a Construction Period*, becomes effective for reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No 61*, becomes effective for reporting periods beginning after December 15, 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

[Balance of page intentionally left blank]

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(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, Public Works and Transportation. 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, 2018, increased appropriations by \$604 to an amended total of \$211,974.

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 \$1,052 to an amended total of \$20,064.

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, 2018
(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, 2018, expenditures for the Major Special Events Fund exceeded appropriations by \$12. 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, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds

A. Cash and Investments

Cash and investments, as of June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 836,589
Fiduciary funds:	
Cash and investments - Agency funds	122,522
Cash and investments - Pension trust funds	30,344
Cash and investments - Private purpose trust funds	5,088
Total	157,954
Total Cash and Investments	\$ 994,543

Cash and investments, as of June 30, 2018, consist of the following:

Cash on hand	\$ 21
Deposits with financial institutions	187
Cash with trustee	26,890
Investments	932,013
Total	959,111
Cash - Private-purpose trust funds	210
Cash and investments - Pension trust funds	30,344
Investments - Private-purpose trust funds	4,878
Total	35,432
Total Cash and Investments	\$ 994,543

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).

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(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	25%	None
Corporate Medium Term Notes	5 years	15%	3%
Money Market Mutual Funds	N/A	20%	2%
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. The City's investment policy is designed to meet the objectives of safety, liquidity and yield.

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	\$ 552,377	\$ 206,575	\$ 153,966	\$ 191,836
Commercial Paper	203,479	203,479	-	-
U.S. Treasuries	120,049	-	-	120,049
Local Agency Investment Fund (LAIF)	49,280	49,280	-	-
Cash with Trustee	26,890	26,890	-	-
Money Market Mutual Funds	6,642	6,642	-	-
Municipal Bonds	5,064	4,764	300	-
	<u>\$ 963,781</u>	<u>\$ 497,630</u>	<u>\$ 154,266</u>	<u>\$ 311,885</u>

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

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

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, 2018, is \$135,190.

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, 2018 - Standard & Poor's				
				AAAm	AA+	AA-	A-1+	A-1
U.S. Government Sponsored Enterprise Securities	\$ 552,377	N/A	\$ -	\$ -	\$ 552,377	\$ -	\$ -	\$ -
Commercial Paper	203,479	A-1	-	-	-	-	47,711	155,768
U.S. Treasuries	120,049	N/A	-	-	120,049	-	-	-
Local Agency Investment Fund (LAIF)	49,280	N/A	49,280	-	-	-	-	-
Cash with Trustee	26,890	N/A	26,890	-	-	-	-	-
Money Market Mutual Funds	6,642	AAA	-	6,642	-	-	-	-
Municipal Bonds	5,064	A2/A	-	-	-	5,064	-	-
	<u>\$ 963,781</u>		<u>\$ 76,170</u>	<u>\$ 6,642</u>	<u>\$ 672,426</u>	<u>\$ 5,064</u>	<u>\$ 47,711</u>	<u>\$ 155,768</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 LAIF, which is subject to a 25 percent (excluding the fiscal agent cash portfolio) limitation. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5 percent or more of the City's investments are as follows:

Issuer	Investment Type	Fair Value
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	\$ 191,627
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	155,060
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	127,427
U.S. Treasuries	U.S. Treasuries	120,049
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	78,263

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

Issuer	Investment Type	Fair Value
Toyota Motor Corporation	Commercial Paper	\$ 32,691
Natixis NY Branch	Commercial Paper	32,364
JP Morgan Chase & Company	Commercial Paper	30,323
Credit Agricole Corporate & Investment Bank	Commercial Paper	23,846
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	21,234
MUFG Bank	Commercial Paper	19,276
GE Capital Treasury LLC	Commercial Paper	15,264
General Electric Company	Commercial Paper	14,346

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

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 LAIF and a portion of the money market mutual funds are held in safekeeping with a custodial bank 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.

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, 2018, uninsured and uncollateralized deposits held by trustee totaled \$21,962.

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, 2017. The fair values of the Plan investments have been determined by the respective unit price provided by the custodian as of December 31, 2017.

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

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

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, 2017. 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, 2017.

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.

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 that market data which 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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

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.

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 asset manager from third party service provider.

For a large portion of the City's portfolio, the City's asset manager applies their leveling methodology across all securities in a specific sector (i.e. U.S. Government Sponsored Agency Securities). 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	Amount	Investment not Measured at Fair Value	Level		
			1	2	3
U.S. Government Sponsored Enterprise Securities	\$ 552,377	\$ -	\$ 552,377	\$ -	\$ -
Commercial Paper	203,479	-	-	203,479	-
U.S. Treasuries	120,049	-	120,049	-	-
Local Agency Investment Fund (LAIF)	49,280	49,280	-	-	-
Cash with Trustee	26,890	26,890	-	-	-
Money Market Mutual Funds	6,642	6,642	-	-	-
Municipal Bonds	5,064	-	5,064	-	-
	<u>\$ 963,781</u>	<u>\$ 82,812</u>	<u>\$ 677,490</u>	<u>\$ 203,479</u>	<u>\$ -</u>

Restricted Cash

Cash and investments in the Senior Services Permanent Fund, consisting of proceeds from permanent fund contributions totaling \$813 at June 30, 2018, were nonspendable or restricted per terms of an agreement between the Irvine Senior Foundation and the City.

B. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

	Balance <u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2018</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land, as restated	\$ 641,566	\$ 31,720	\$ 1,094	\$ 672,192
Construction in progress	<u>36,746</u>	<u>50,186</u>	<u>5,365</u>	<u>81,567</u>
Total capital assets not being depreciated, as restated	<u>678,312</u>	<u>81,906</u>	<u>6,459</u>	<u>753,759</u>
Capital assets, being depreciated:				
Buildings and systems, as restated	136,642	29,950	-	166,592
Improvements other than buildings	193,889	32,024	-	225,913
Machinery and equipment	36,043	3,368	3,269	36,142
Infrastructure	<u>1,635,560</u>	<u>98,940</u>	<u>-</u>	<u>1,734,500</u>
Total capital assets being depreciated, as restated	<u>2,002,134</u>	<u>164,282</u>	<u>3,269</u>	<u>2,163,147</u>
Less accumulated depreciation for:				
Buildings and systems, as restated	(62,806)	(3,521)	-	(66,327)
Improvements other than buildings	(77,865)	(11,085)	-	(88,950)
Machinery and equipment	(25,145)	(3,109)	3,091	(25,163)
Infrastructure	<u>(931,507)</u>	<u>(58,997)</u>	<u>-</u>	<u>(990,504)</u>
Total accumulated depreciation, as restated	<u>(1,097,323)</u>	<u>(76,712)</u>	<u>3,091</u>	<u>(1,170,944)</u>
Total capital assets, being depreciated, net, as restated	<u>904,811</u>	<u>87,570</u>	<u>178</u>	<u>992,203</u>
Governmental activities capital assets, net, as restated	<u>\$ 1,583,123</u>	<u>\$ 169,476</u>	<u>\$ 6,637</u>	<u>\$ 1,745,962</u>

See Notes III H for details on the restatements to the beginning balances of certain capital asset classifications.

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	\$ 1,361
Public Safety	196
Public Works	12,476
Community Services	1,360
Internal Service Funds Depreciation-charged to programs based on asset usage	<u>2,322</u>
Allocated Depreciation	17,715
Unallocated Infrastructure Depreciation	<u>58,997</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 76,712</u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Construction Commitments

The City has active construction projects as of June 30, 2018. 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 Commitments
Street and drainage	\$ 18,953
Facilities	2,971
Traffic signal projects	1,130
Bridges	458
Landscape and streetscape	119
Parks	67
Trails	24
Total	\$ 23,722

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, 2018, was as follows:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	Orange County Great Park	\$ 22
General Fund	Other Governmental Funds	124
	Total	\$ 146

The interfund balance of \$146 is a combination of \$124 to cover the Major Special Events Fund negative cash, due to timing of collection of receivables and \$22 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 in:					
	General Fund	Orange County Great Park Development	Capital Improvement Projects	Other Governmental Funds	Internal Service Funds	Total
Transfers out:						
General Fund	\$ -	\$ -	\$ 56	\$ 6,566	\$ 850	\$ 7,472
Orange County Great Park	100	10,899	-	22	-	11,021
Local Park Fees	-	2,990	-	132	-	3,122
Other Governmental Funds	67	4,226	6,373	13,625	75	24,366
Internal Service Funds	200	-	-	1,325	-	1,525
Total	\$ 367	\$ 18,115	\$ 6,429	\$ 21,670	\$ 925	\$ 47,506

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(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 \$116 for an annual rental of \$464. An additional \$0.69 per ton is charged as a Green Waste Host Fees and the amount collected as of June 30, 2018, was \$530. 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, 2018, was \$93.

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, 2018, was \$31.

A lease with Orange County Produce to grow strawberries and other crops began in July 2010. The lease terminates June 30, 2019. Rental revenue at June 30, 2018, was \$36.

A lease with AMCI/Omnicom for the use of other sites within OCGP is month to month with \$297 received in the fiscal year ended June 30, 2018.

The future minimum rental revenue to be received from the aforementioned operating leases, as of June 30, 2018, is as follows:

Fiscal Year Ending June 30	Annual Rent
2019	\$ 1,038

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(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, 2018, amounted to \$763. The future minimum rental revenue to be received from the aforementioned operating leases, as of June 30, 2018, is as follows:

Fiscal Year Ending June 30	Annual Rent
2019	\$ 487
2020	387
2021	369
2022	345
2023	350
2024-2028	1,781
2029-2033	1,414
2034-2038	824
Thereafter	9
	\$ 5,966

E. Changes in Long-term Liabilities

For the fiscal year ended June 30, 2018, changes in long-term liabilities are as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Long- Term	Due Within One Year
Compensated absences	\$ 13,299	\$ 4,785	\$ 4,145	\$ 13,939	\$ 9,903	\$ 4,036
Claims payable	15,136	2,878	2,387	15,627	11,512	4,115
Total Long-Term Liabilities	\$ 28,435	\$ 7,663	\$ 6,532	\$ 29,566	\$ 21,415	\$ 8,151

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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Non-committal debt amounts issued and outstanding at June 30, 2018, 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	31,442
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	16,107
94-15	Westpark II	32,700	2,321
97-16	Northwest Irvine	60,000	25,168
97-17	Lower Peters Canyon East	95,000	32,054
Total Variable Rate Issues		841,820	293,007
Fixed Rate Issues		Bonds Issued	Bonds Outstanding
04-20	Portola Springs 2013	11,795	11,105
04-20	Portola Springs 2014	14,460	13,880
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	71,980
05-21	Orchard Hills 2016	16,235	16,235
05-21	Orchard Hills 2017	19,500	19,500
07-22	Stonegate	28,350	25,845
10-23	Laguna Altura	12,695	12,215
11-24	Cypress Village	38,655	27,940
13-25	Eastwood	34,430	34,430
12-1	Reassessment District	126,220	80,180
13-1	Reassessment District	80,755	63,550
15-1	Reassessment District	47,360	38,865
15-2	Reassessment District	50,625	47,615
CFD 2004-1	Central Park	18,510	17,960
CFD 2005-2	Columbus Grove	16,975	14,635
CFD 2013-3	Great Park 2014	72,700	72,610
CFD 2013-3	Great Park 2016	135,835	135,055
Total Fixed Rate Issues		851,645	755,285
Total All Issues		\$ 1,693,465	\$ 1,048,292

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

G. Fund Balance Classifications

Fund balances in the governmental funds at June 30, 2018 have been classified as follows:

	General	Orange County Great Park	Orange County Great Park Development	Capital Improvement Projects	Local Park Fees	Community Facilities Districts	Other Governmental Funds	Total Governmental Funds
Non Spendable								
Endowment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 499	\$ 499
Prepaid expenditures	5	-	-	-	-	-	-	5
Subtotal	5	-	-	-	-	-	499	504
Restricted for:								
Capital improvement projects	-	-	-	-	-	25,854	99,775	125,629
Park & public facilities	-	-	-	-	115,557	-	1,376	116,933
Great Park development and operations	-	28,049	-	-	-	-	-	28,049
Circulation improvement	-	-	-	23	-	-	208,866	208,889
Community services activities	-	-	-	-	-	-	50	50
Animal care activities	-	-	-	-	-	-	555	555
Public service activities	-	-	-	-	-	-	351	351
Contingency reserve	5,401	-	-	-	-	-	-	5,401
Development activities	459	-	-	-	-	-	-	459
Low-income housing activities	-	-	-	-	-	-	13,412	13,412
Air quality improvement activities	-	-	-	-	-	-	451	451
Public safety programs	-	-	-	-	-	-	2,689	2,689
Public education	-	-	-	-	-	-	1,156	1,156
Public transportation	-	-	-	-	-	-	877	877
Senior nutrition programs and activities	-	-	-	-	-	-	436	436
Open space maintenance	76	-	-	-	-	-	-	76
Other programs and activities	-	-	-	-	-	-	38	38
Subtotal	5,936	28,049	-	23	115,557	25,854	330,032	505,451
Committed to:								
Capital improvement projects	-	-	-	-	-	-	321	321
Park & public facilities	-	-	-	-	-	-	16,537	16,537
Circulation improvements	-	-	-	30,604	-	-	7,722	38,326
Contingency reserve	36,811	-	-	-	-	-	-	36,811
Public facilities improvements	-	-	-	-	-	-	20,391	20,391
Public safety services	-	-	-	-	-	-	94	94
Lighting, landscape, & park maintenance	-	-	-	-	-	-	1,240	1,240
Subtotal	36,811	-	-	30,604	-	-	46,305	113,720
Assigned to:								
Park & public facilities and operations	-	-	6,861	-	-	-	4,416	11,277
Circulation improvements	-	289,812	-	219	-	-	-	289,812
Compensated absences	6,516	-	-	-	-	-	-	6,516
Development activities	3,344	-	-	-	-	-	-	3,344
Education	2,161	-	-	-	-	-	-	2,161
Infrastructure and rehabilitation	60,415	3,325	-	-	-	-	-	63,740
Technology innovation	165	-	-	-	-	-	-	165
Subtotal	72,601	293,137	6,861	219	-	-	4,416	377,234
Unassigned:	9,788	-	-	-	-	-	(2,196)	7,592
Total	\$ 125,141	\$ 321,186	\$ 6,861	\$ 30,846	\$ 115,557	\$ 25,854	\$ 379,056	\$ 1,004,501

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

H. Restatement

Fund balance/net position at July 1, 2017, has been restated to reflect the following changes:

Fund	Fund Balance as July 1, 2017 Previously Reported	Restatement	Fund Balance at July 1, 2017 as Restated
Governmental Funds	\$ 1,085,470	\$ (40,694)	\$ 1,044,776

Fund	Net Position as July 1, 2017 Previously Reported	Restatement	Fund Balance at July 1, 2017 as Restated
Governmental Activities	\$ 2,618,787	\$ (57,575)	\$ 2,561,212

At the beginning of the fiscal year, the Irvine Community Land Trust (Land Trust) amended its bylaws regarding the number and type of directors and approvals of its expenditures. As a result of this amendment, the Land Trust is no longer a blended component unit of the City. It is presented as a component unit in a separate column in the government-wide statements. The cumulative effect of the change in accounting principle for the governmental funds is a reduction of (\$40,694) in fund balance.

The government-wide beginning net position had a net restatement of (\$57,575) due to the change in accounting principal from the Land Trust and the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Below are the various components of the government-wide restatement:

	Restatement
Land Trust reported as a discretely presented component unit	\$ (40,694)
Adjust receivable, due to component unit, to net present value	6,343
Net effect of restating the following without the Land Trust:	
Capital assets	(18,192)
Notes receivable	(435)
Implementation of GASB Statement No. 75, net effect	(4,597)
Total	\$ (57,575)

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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

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 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. There are no longer any assets, liabilities, or financial activity in the Housing Successor, 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>\$ 5,088</u>
----------------------	-----------------

Advances from the City of Irvine

Advances payable to the City for the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Advances from the City - Settlement agreement	\$ 259,691	\$ -	\$ 23,729	\$ 235,962
Total	\$ 259,691	\$ -	\$ 23,729	\$ 235,962

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, 2018, the outstanding balance due to the City is \$235,962.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

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.

J. Discretely Presented Component Unit

Organization and Nature of Business

The Irvine Community Land Trust (Land Trust) was incorporated in the State of California in 2006 under the California Nonprofit Public Benefit Corporation law for charitable purposes under Public Charity Status of 509(a)(3). The primary purpose of the Land Trust is to lessen the burdens of government by assisting the City to ensure that its residents are able to secure housing by, among other things, developing, constructing, financing, managing, selling, renting, subsidizing, and monitoring single and multifamily housing, and to conduct or perform any ancillary or related activity in furtherance of the foregoing.

The Land Trust receives its primary income from rental activities and contributions from the City.

Capital Assets

Capital assets activity for the Land Trust for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Component Unit Activities:				
Capital assets, not being depreciated:				
Land	\$ 16,000	\$ -	\$ -	\$ 16,000
Total capital assets not being depreciated	16,000	-	-	16,000
Capital assets, being depreciated:				
Buildings and systems	2,668	-	-	2,668
Machinery and equipment	-	4	-	4
Total capital assets being depreciated	2,668	4	-	2,672
Less accumulated depreciation for:				
Buildings and systems	(476)	(89)	-	(565)
Machinery and equipment	-	(2)	-	(2)
Total accumulated depreciation	(476)	(91)	-	(567)
Total capital assets, being depreciated, net	2,192	(87)	-	2,105
Component unit activities capital assets, net	<u>\$ 18,192</u>	<u>\$ (87)</u>	<u>\$ -</u>	<u>\$ 18,105</u>

Depreciation expense charged to the Land Trust was \$91.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Notes Receivable

The Land Trust has entered into several low interest loan agreements with developers for the development of residential rental units and related improvements. The interest rate on these loans range from 1 percent to 3 percent. Payment of principal and interest are due from available positive net cash flow derived from the developers' operations of the rental units or due and payable in a lump-sum payment on the maturity date which is 30 year after all units in the project have received all required occupancy permits from the City. Notes receivable to the Land Trust for the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Principal	\$ 4,394	\$ -	\$ 23	\$ 4,371
Interest	417	101	16	502
	<u>\$ 4,811</u>	<u>\$ 101</u>	<u>\$ 39</u>	<u>\$ 4,873</u>

Settlement Income and Receivable

On October 27, 2014, a settlement agreement was entered into that resolved lawsuits filed by the City, Successor Agency, and Land Trust against the State of California. The lawsuit was related to debts owed by the former Redevelopment Agency to the City and Land Trust that the State Department of Finance denied property tax funding. The agreement provides the Land Trust will receive a minimum of \$14,600 from the amounts received by the City. In January 2016, the City Council voted to increase the amount of funds dedicated to the Land Trust by an additional \$14,600, for a total amount due of \$29,200. The amount has been discounted at a rate of 6 percent to achieve an estimated value at June 30, 2018, of \$18,812.

On the fund financial statements, the amount due to the Land Trust is not discounted and reported as due to component unit. The amount due to the component unit at June 30, 2018, was \$23,596.

K. Subsequent Events

On September 19, 2018, the City issued Community Facilities District No. 2013-3 (Great Park) Improvement Area No. 8 Special Tax Bonds, Series 2018, in the principal amount of \$72,420 to provide funds to (a) pay the costs of the acquisition and construction of certain public facilities necessary for the development of the District, (b) fund a reserve fund for the bonds, (c) pay certain administrative expenses relating to the bonds, and (d) pay the costs of issuing the bonds.

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, 2018, 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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(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, automobile 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, 2018, were \$2,327. 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, 2018. All self-insurance activity is reported in the City's Self-Insurance Internal Service Fund.

At June 30, 2018, \$15,627 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 the 2017-18 fiscal year. It is the City's policy to assess its risk exposure periodically.

Changes in the aggregate liability for claims since July 1, 2016, resulted in the following:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Liability Balance, July 1, 2016	\$ 11,678	\$ 2,892	\$ 14,570
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>
Changes in estimates	2,881	(3)	2,878
Claim payments during 2017-2018	<u>(2,135)</u>	<u>(252)</u>	<u>(2,387)</u>
Liability Balance, June 30, 2018	<u>\$ 13,453</u>	<u>\$ 2,174</u>	<u>\$ 15,627</u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(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, 2018, employer contributions were \$1,235 and participant contributions were \$1,075. 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, 2018, the City contributed \$291 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, 2018
(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 retire directly from the City and obtain the following are eligible to continue medical coverage as a participant with active employees at a blended premium rate, as an implied subsidy:

<u>Employee Group</u>	
Miscellaneous (Non-Sworn)	Either attain the age of sixty years or is fifty years or older and has completed five years of service with the City.
Sworn	Has completed fifteen years of service with the City or ten years of service and has reached the age of at least fifty years, or who has been medically retired at any age.

A separate financial report is not issued for the OPEB plan.

Employees Covered As of June 30, 2018, actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

	(not rounded)
Active employee	770
Inactive employees or beneficiaries currently receiving benefits	<u>93</u>
Total	<u>869</u>

Contributions The OPEB Plan and its contribution requirements are established by MOU with the applicable employee associations and maybe amended by negotiation between the City and the associations. 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 the premium, 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 another post-employment benefit of the City. For the year ended June 30, 2018, the City's contribution (implicit subsidy) was \$380.

Net OPEB Liability The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial methods and assumptions:

Discount rate	3.62%
Salary increases	3.00%
Investment rate of return	3.62%
Mortality rate	A
Healthcare trend rate	6.00% for 2018; 5.00% for 2019 and later years

A: Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

Discount Rate The discount rate used to measure the total OPEB liability was 3.62 percent. GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investment – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AAA/Aa or higher – to the extent that the conditions in (a) are not met.

Based of the requirements of GASB75, the City is using the Fidelity General Obligations 20-year Index at June 30, 2018.

Changes in the OPEB Liability The following table displays the changes in the net OPEB liability recognized over the measurement period:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at: 6/30/2017	\$ 6,446	\$ -	\$ 6,446
Changes for the year:			
Service cost	490	-	490
Interest expense	227	-	227
Changes in assumptions	-	-	-
Contributions-employer	-	380	(380)
Net investment income	-	-	-
Benefit payments	(380)	(380)	-
Administrative expenses	-	-	-
Net Change	337	-	337
Balance at: 6/30/2018	\$ 6,783	\$ -	\$ 6,783

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate The following presents the net OPEB liability of the City as the measurement date, calculated using the discount rate of 3.62 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 (2.62 percent) or 1 percentage-point higher (4.62 percent) than the current rate.

	Discount Rate -1% 2.62%	Current Discount Rate 3.62%	Discount Rate +1% 4.62%
Net OPEB Liability	\$ 7,379	\$ 6,783	\$ 6,250

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates The following presents the net OPEB liability of the City if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (5.00 percent decreasing to 4.00 percent) or 1 percentage-point higher (7.00 percent decreasing to 6.00 percent) than the current healthcare trend rates, for the measurement period ended June 30, 2018:

	1% Decrease 5.00% decreasing to 4.00%	Healthcare Cost Trend Rates 6.00% decreasing to 5.00%	1% Increase 7.00% decreasing to 6.00%
Net OPEB Liability	\$ 6,146	\$ 6,783	\$ 7,520

Recognition of Deferred Outflows and Deferred Inflow of Resources Gains and losses related to changes in the total OPEB liability and fiduciary net position are recognized in OPEB expense systematically overtime.

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 OPEB 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 OPEB plan investment	5 year straight-line amortization
All other amounts	Amortization over the average remaining service lifetime

OPEB Expense and Deferred Outflows and Deferred Inflow of Resources Related to OPEB As of the start of the measurement period (July 1, 2017), the net OPEB liability/(asset) was \$6,446. For the measurement period ending June 30, 2018 (the measurement date), the City incurred a pension expense of \$717 for the plan.

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 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 actuarial valuation date was December 31, 2017. 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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

Benefit Provided The City Defined Benefit Pension Plan provides retirement, annual cost of living adjustment, 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	2.50% at 50
Benefit vesting schedule	10 years of services
Benefit payments	Monthly for life
Retirement age	50 - 55
Monthly benefits, as a percentage of eligible compensation	2.50% to 3.00%

Employees Covered At December 31, 2017 (valuation date), the following employees were covered by the benefit terms for the Plan.

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

Contribution Description The City of Irvine 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. The fiscal year 2017-18 employer contribution rates were are follows:

	Normal Cost	Unfunded Liabilities
July 1 to December 31, 2017	23.146%	31.862%
January 1 to June 30, 2018	29.607%	25.188%

Employees covered under the Plan contributed 9 percent of pensionable-base compensation. Beginning August 11, 2014, as part of an agreement to cost share in the City's required contribution, employees covered under this Plan contributed an additional 3 percent over a two year period. The total employee contribution has increased to 12 percent of pensionable-base compensation.

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, 2016, rolled forward to December 31, 2017, 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, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

Actuarial Assumptions The total pension liabilities in the December 31, 2017, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	December 31, 2016
Measurement date	December 31, 2017
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 ⁽¹⁾
Post-retirement benefit increase	2.00%

⁽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.

Asset Allocation The asset allocation policy developed herein is based on an evaluation of the Plan's ability to assume modest investment risk in light of its financial and benefit-related goals and objectives, the Plan's liability structure and the few remaining active participants after the implementation of CalPERS pension alternative.

The Plan's cash flow needs can vary significantly based on the anticipated number of elections for lump-sum payments versus annuity payments, as well as the number and amount of disability benefits being paid. The Trustees recognize that it is difficult to currently assess these variables and that each can have significant impact on liabilities that will need to be paid.

The Trustees, for purposes of range setting this policy, have determined that all Plan assets will be invested in accordance with the following investment guidelines:

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Fixed Income / GICs	65 - 75 %	70.00 %
Domestic Large-Cap Stocks	9 - 30 %	19.00 %
Domestic Small-Cap Stocks	2 - 8 %	4.50 %
International Stocks	3 - 10 %	6.50 %
Cash*	0 - 100 %	0.00 %

*To accommodate the payment of withdrawals and benefits.

- The target balance of investments is expected, over a market cycle of four to six years, to provide a return in the range of 5-7%.
- The Trustees believe these guidelines to be appropriate in view of liabilities and the current market/economic environment. While these guidelines are meant to be long term in nature, they will be changed when warranted by further reviews of these conditions.
- The Trustees acknowledge that guidelines will be further defined as managers or funds are reviewed and/or selected and provided instruction.

Change in Assumptions There were no changes in assumptions during the measurement period December 31, 2017.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

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: 12/31/2016	\$ 20,303	\$ 19,206	\$ 1,097
Changes for the year:			
Service cost	81	-	81
Interest expense	1,086	-	1,086
Change of assumptions	(261)		(261)
Differences between expected and actual experience	283	-	283
Contributions-employer	-	184	(184)
Contributions-employee	-	45	(45)
Net investment income	-	1,761	(1,761)
Benefit payments, including refunds of employee contributions	(1,198)	(1,198)	-
Administrative expenses	-	(84)	84
Net Change	(9)	708	(717)
Balance at: 12/31/2017	\$ 20,294	\$ 19,914	\$ 380

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)	\$ 2,606	\$ 380	\$ (1,499)

Subsequent Events Effective January 1, 2018, the rate of retirement assumptions were updated as follow:

- Current – 15 percent from age 50 to 59, 100 percent at age 60.
- Previous – 50 percent at age 50, 20 percent from age 51 to 54, 100 percent at age 55.

This change to the rate of retirement assumptions was made to more accurately reflect plan experience and resulted in a decrease in the accrued liability, and an increase in the normal cost. The net change resulted in a small increase in the minimum required contribution for January 1, 2018 to December 31, 2018.

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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

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 inactives (one year of future service is assumed for inactives 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, 2017), the net pension liability/(asset) was \$1,097. For the measurement period ending December 31, 2017 (the measurement date), the City incurred a pension expense/(income) of \$176 for the Plan.

As of December 31, 2017, 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	119	-
Net difference between projected and actual earnings on pension plan investments	-	288
Total	<u>\$ 119</u>	<u>\$ 288</u>

The \$119 reported as deferred outflow of resources related to the contribution made after the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. 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
2018	\$ (22)
2019	42
2020	(161)
2021	(147)
2022	-
Thereafter	-

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

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

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, 2017, the Plan had 52 members, consisting of 8 active members, and 44 terminated members. All 52 members are fully vested in the Plan. Total Plan assets were \$10,465. 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, 2017 were \$114 and participant contributions were \$48. 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.

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

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

credited service, equal to one year of full time employment. The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

Sworn Plan			
Hire Date	Prior to January 1, 2013	On or After January 1, 2013	
Benefit formula	3.00% at 50	2.70% 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	3.00%	2.00% to 2.70%	

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	2.70% at 55	2.00% at 55	2.00% 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	2.00% to 2.70%	1.426% to 2.418%	1.00% to 2.50%

Employees Covered At June 30, 2016 (valuation date), the following employees were covered by the benefit terms for the Plan:

	Sworn Plan	Miscellaneous Plan
Active members	207	706
Retired members and beneficiaries	101	341
Terminated members	24	373
Transferred members	47	295
Total	<u>379</u>	<u>1,715</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, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

The employer required contribution rates for the sworn and miscellaneous plans for fiscal year 2017-18 were as follows:

	Sworn	Miscellaneous
Normal Cost Rate	21.116%	10.242%
Employer Unfunded Accrued Liability Contribution ⁽¹⁾	17.296%	16.065%
	38.412%	26.307%

⁽¹⁾ The Employer Unfunded Accrued Liability Contribution (UAL) amount is either paid monthly or prepaid at the beginning of the fiscal year to CalPERS. The City elected to prepay the UAL of \$4,210 and \$8,180 for the sworn and miscellaneous plans, respectively.

The employee required contribution rates for the sworn and miscellaneous plans for fiscal year 2017-18 were as follows:

Sworn Plan			
Hire Date	Prior to January 1, 2013	On or After January 1, 2013	
Employee contribution rate	9.00%	12.00%	

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
Employee contribution rate	8.00%	7.00%	6.25%

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
2018	4,000	3,000
Total	\$ 13,000	\$ 24,000

Additional payments 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, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is provided below.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

Actuarial Assumptions The total pension liabilities in the June 30, 2016, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies on entry age and duration of service
Mortality	(1)
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 CalPER's 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 April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2016, 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 in Assumptions In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65 percent to 7.15 percent. Deferred outflow of resources and deferred inflows of resources for changes in assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for the each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% 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 from the CalPERS website under the GASB 68.

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

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

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 equal 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, 2014.

Asset Class	New Strategic Allocation	Real Return Year 1-10 ⁽¹⁾	New Strategic Year 11 + ⁽²⁾
Global equity	47.00 %	4.90 %	5.38 %
Global fixed income	19.00	0.80	2.27
Inflation sensitive	6.00	0.60	1.39
Private equity	12.00	6.60	6.63
Real estate	11.00	2.80	5.21
Infrastructure and forestland	3.00	3.90	5.36
Liquidity	2.00	(0.04)	(0.90)

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

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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 6/30/2016	\$ 227,911	\$ 172,204	\$ 55,707
Changes for the year:			
Service cost	8,348	-	8,348
Interest on total pension liability	17,393	-	17,393
Changes of benefits terms	-	-	-
Difference between expected and actual experience	(502)	-	(502)
Changes in assumptions	16,239	-	16,239
Contributions-employer	-	11,332	(11,332)
Contributions-employee	-	2,760	(2,760)
Net investment income	-	19,779	(19,779)
Benefit payments, including refunds of employee contributions	(9,131)	(9,131)	-
Administrative expense	-	(254)	254
Other changes	-	-	-
Net changes	32,347	24,486	7,861
Balance at 6/30/2017	\$ 260,258	\$ 196,690	\$ 63,568

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

<u>Miscellaneous Plan</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 6/30/2016	\$ 346,442	\$ 262,516	\$ 83,926
Changes for the year:			
Service cost	9,862	-	9,862
Interest on total pension liability	25,872	-	25,872
Changes of benefits terms	-	-	-
Difference between expected and actual experience	(3,834)	-	(3,834)
Changes of assumptions	21,963	-	21,963
Contributions-employer	-	16,687	(16,687)
Contributions-employee	-	4,186	(4,186)
Net investment income	-	30,227	(30,227)
Benefit payments, including refunds of employee contributions	(15,327)	(15,327)	-
Administrative expense	-	(388)	388
Other changes	-	-	-
Net changes	38,536	35,385	3,151
Balance at 6/30/2017	<u>\$ 384,978</u>	<u>\$ 297,901</u>	<u>\$ 87,077</u>

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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

<u>Plan's Net Pension Liability / (Assets)</u>	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Sworn Plan	\$ 104,433	\$ 63,568	\$ 30,595
Miscellaneous Plan	140,931	87,077	42,808
Combined Total	<u>\$ 245,364</u>	<u>\$ 150,645</u>	<u>\$ 73,403</u>

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

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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

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 2016-17 measurement period, ended June 30, 2017, is 6.7 years for the Sworn Plan and 4.0 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 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	2,529	6,941
Divided by:		
Total number of participants	379	1,715
Expected average remaining service lifetime	6.7 years	4.0 years

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions As of the start of the measurement period (July 1, 2016), the net pension liability/ (asset) was \$55,707 for the Sworn Plan and \$83,926 for the Miscellaneous Plan. For the measurement period ending June 30, 2017 (the measurement date), the City incurred a pension expense/ (income) of \$13,827 and \$15,854 for the Sworn and Miscellaneous Plans, respectively.

As of June 30, 2017, 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	\$ 5,753	\$ 427	\$ 115	\$ 3,201
Change in assumptions	13,815	2,204	16,473	1,765
Contributions made after the measurement date	14,085	-	17,004	-
Net difference between projected and actual earnings on pension plan investments	2,192	-	3,026	-
Total	\$ 35,845	\$ 2,631	\$ 36,618	\$ 4,966

The amounts above are net of outflows and inflows recognized in the 2016-17 measurement period expense.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

The \$14,085 and \$17,004 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, 2019. 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,	Sworn Plan Deferred Outflows/(Inflows) of Resources	Miscellaneous Plan Deferred Outflows/(Inflows) of Resources
2019	\$ 3,050	\$ 2,823
2020	5,875	8,140
2021	4,102	5,950
2022	1,653	(2,265)
2023	2,804	-
Thereafter	1,645	-

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 its executive office: P.O. Box 1291, Newport Beach, California 92658.

Funding Policy 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, 2017, the Plan had 720 members. Total Plan assets were \$2,245. Employer and employee contributions to the Plan during the year ended December 31, 2017, were \$447.

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 \$499, which is reported as part of Restricted Net Position, Nonspendable. Expendable donations and accrued interest of \$313 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, 2018
(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 Years ⁽¹⁾

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 81	\$ 81	\$ 137	\$ 128
Interest on total pension liability	1,086	1,077	1,091	1,088
Changes of benefits terms	-	-	-	-
Difference between expected and actual experience	283	178	(280)	(5)
Changes in assumptions	(261)	-	-	-
Benefit payments, including refunds of employee contributions	(1,198)	(1,165)	(1,171)	(1,145)
Net Change in Total Pension Liability	\$ (9)	\$ 171	\$ (223)	\$ 66
Total Pension Liability - Beginning	20,303	20,132	20,355	20,289
Total Pension Liability - Ending (a)	<u>\$ 20,294</u>	<u>\$ 20,303</u>	<u>\$ 20,132</u>	<u>\$ 20,355</u>
Plan Fiduciary Net Position				
Contribution - employer	\$ 184	\$ 88	\$ 130	\$ 243
Contribution - employee	45	39	32	20
Net investment income	1,761	1,105	71	1,391
Benefit payments, including refunds of employee contributions	(1,198)	(1,165)	(1,171)	(1,145)
Administrative expenses	(84)	(84)	(123)	(129)
Other changes in fiduciary net position	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 708	\$ (17)	\$ (1,061)	\$ 380
Plan Fiduciary Net Position - Beginning	19,206	19,223	20,284	19,904
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,914</u>	<u>\$ 19,206</u>	<u>\$ 19,223</u>	<u>\$ 20,284</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 380</u>	<u>\$ 1,097</u>	<u>\$ 909</u>	<u>\$ 71</u>
Plan fiduciary net position as a percentage of the total pension liability funded status	98.13%	94.60%	95.48%	99.65%
Covered payroll	\$ 373	\$ 365	\$ 334	\$ 326
Plan net pension liability/(asset) as a percentage of covered payroll	101.88%	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 four years are shown.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

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

Schedule of Plan Contributions
Last Ten Fiscal Years ⁽¹⁾

	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution	\$ 194	\$ 136	\$ 109	\$ 187
Contribution in relation to the actuarially determined contribution	(194)	(136)	(109)	(187)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 378	\$ 369	\$ 350	\$ 330
Contributions as a percentage of covered payroll	51.32%	36.86%	31.14%	56.67%

Notes to Schedule

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

Valuation date:	December 31, 2016
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⁾

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

⁽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, 2018
(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⁾

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 8,348	\$ 6,966	\$ 6,238	\$ 6,341
Interest on total pension liability	17,393	16,258	14,875	13,661
Changes of benefits terms	-	-	-	-
Difference between expected and actual experience	(502)	5,005	4,152	-
Changes in assumptions	16,239	-	(4,043)	-
Benefit payments, including refunds of employee contributions	(9,131)	(8,705)	(8,114)	(7,391)
Net Change in Total Pension Liability	\$ 32,347	\$ 19,524	\$ 13,108	\$ 12,611
Total Pension Liability - Beginning	227,911	208,387	195,279	182,668
Total Pension Liability - Ending (a)	<u>\$ 260,258</u>	<u>\$ 227,911</u>	<u>\$ 208,387</u>	<u>\$ 195,279</u>
Plan Fiduciary Net Position				
Contribution - employer	\$ 11,332	\$ 8,628	\$ 8,369	\$ 11,701
Contribution - employee	2,760	2,286	2,131	2,694
Net investment income	19,779	791	3,683	24,267
Benefit payments, including refunds of employee contributions	(9,131)	(8,705)	(8,114)	(7,391)
Net plan to plan resource movement	-	-	1	-
Administrative expense	(254)	(103)	(191)	-
Net Change in Fiduciary Net Position	\$ 24,486	\$ 2,897	\$ 5,879	\$ 31,271
Plan Fiduciary Net Position - Beginning	172,204	169,307	163,428	132,157
Plan Fiduciary Net Position - Ending (b)	<u>\$ 196,690</u>	<u>\$ 172,204</u>	<u>\$ 169,307</u>	<u>\$ 163,428</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 63,568</u>	<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	75.58%	75.56%	81.25%	83.69%
Covered payroll	\$ 28,642	\$ 25,076	\$ 22,824	\$ 20,142
Plan net pension liability/(asset) as a percentage of covered payroll	221.94%	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 four years are shown.

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms.

Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. 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 expense). In 2014, amount reported were based on the 7.50 percent discount rate.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

CalPERS Defined Benefit Pension Plan for Sworn Employees (Continued)

Schedule of Plan Contributions
Last Ten Fiscal Years ⁽¹⁾

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 10,085	\$ 8,332	\$ 7,628	\$ 7,369
Contribution in relation to the actuarially determined contribution	<u>(14,085)</u>	<u>(11,332)</u>	<u>(8,628)</u>	<u>(8,369)</u>
Contribution deficiency (excess)	<u>\$ (4,000)</u>	<u>\$ (3,000)</u>	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>
Covered payroll	\$ 27,997	\$ 28,642	\$ 25,076	\$ 22,824
Contributions as a percentage of covered payroll	50.31%	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 four years are shown.

Notes to Schedule of Plan Contributions:

Valuation date: June 30, 2016

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 2014 CalPERS Experience for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018
(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⁾

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 9,862	\$ 8,634	\$ 8,319	\$ 8,705
Interest on total pension liability	25,872	24,811	23,375	22,042
Changes of benefits terms	-	-	-	-
Difference between expected and actual experience	(3,834)	220	(1,078)	-
Changes in assumptions	21,963	-	(5,837)	-
Benefit payments, including refunds of employee contributions	<u>(15,327)</u>	<u>(14,031)</u>	<u>(12,552)</u>	<u>(11,398)</u>
Net Change in Total Pension Liability	\$ 38,536	\$ 19,634	\$ 12,227	\$ 19,349
Total Pension Liability - Beginning	<u>346,442</u>	<u>326,808</u>	<u>314,581</u>	<u>295,232</u>
Total Pension Liability - Ending (a)	<u>\$ 384,978</u>	<u>\$ 346,442</u>	<u>\$ 326,808</u>	<u>\$ 314,581</u>
Plan Fiduciary Net Position				
Contribution - employer	\$ 16,687	\$ 15,938	\$ 15,677	\$ 19,604
Contribution - employee	4,186	3,801	3,634	4,186
Net investment income	30,227	1,347	5,653	35,985
Benefit payments, including refunds of employee contributions	(15,327)	(14,031)	(12,552)	(11,398)
Net plan to plan resource movement	-	-	(1)	-
Administrative expense	<u>(388)</u>	<u>(156)</u>	<u>(288)</u>	<u>-</u>
Net Change in Fiduciary Net Position	\$ 35,385	\$ 6,899	\$ 12,123	\$ 48,377
Plan Fiduciary Net Position - Beginning	<u>262,516</u>	<u>255,617</u>	<u>243,494</u>	<u>195,117</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 297,901</u>	<u>\$ 262,516</u>	<u>\$ 255,617</u>	<u>\$ 243,494</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 87,077</u>	<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	77.38%	75.77%	78.22%	77.40%
Covered payroll	\$ 55,877	\$ 49,344	\$ 46,821	\$ 43,710
Plan net pension liability/(asset) as a percentage of covered payroll	155.84%	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 four years are shown.

Notes to Schedule

Benefit Changes: There were no changes to benefits.

Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. 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, amount reported were based on the 7.50 percent discount rate.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

CalPERS Defined Benefit Pension Plan for Miscellaneous Employees (Continued)

Schedule of Plan Contributions
Last Ten Fiscal Years ⁽¹⁾

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 14,004	\$ 12,687	\$ 12,082	\$ 11,677
Contribution in relation to the actuarially determined contribution	<u>(17,004)</u>	<u>(16,687)</u>	<u>(16,082)</u>	<u>(15,677)</u>
Contribution deficiency (excess)	<u>\$ (3,000)</u>	<u>\$ (4,000)</u>	<u>\$ (4,000)</u>	<u>\$ (4,000)</u>
Covered payroll	\$ 57,214	\$ 55,877	\$ 49,344	\$ 46,821
Contributions as a percentage of covered payroll	29.72%	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 four years are shown.

Notes to Schedule of Plan Contributions:

Valuation date: June 30, 2016

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	7.50% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

City of Irvine Other Post Employment Benefit Plan (OPEB)

Schedule of Changes in Total OPEB Liability and Related Ratios
For the Measurement Period Ended June 30
Last Ten Fiscal Year ⁽¹⁾

	2018
Total OPEB Liability	
Service cost	\$ 490
Interest on total OPEB liability	227
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(380)
Net Change in Total Pension Liability	\$ 337
Total OPEB Liability - Beginning	6,446
Total OPEB Liability - Ending (a)	\$ 6,783
Covered payroll	\$ 74,034
Net OPEB employee liability/(asset) as a percentage of covered employee payroll	9.16%

⁽¹⁾ Historical information is required only for measurement for which GASB 75 is applicable. Future year's information will be displayed up to 10 years as information becomes available.

Notes to Schedule

The City does not accumulate assets in a trust to pay related benefits.



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, 2018
(amounts expressed in thousands)

	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and investments	\$ 65,504	\$ 295,627	\$ 813	\$ 361,944
Receivables, net of allowances:				
Taxes	1,002	-	-	1,002
Accounts	461	-	-	461
Accrued interest	129	691	1	821
Escrow deposits	76	404	-	480
Due from other funds	22	-	-	22
Due from other governments	1,214	480	-	1,694
Due from developers	-	23,498	-	23,498
Long-term notes receivable, net of allowances	6,029	-	-	6,029
Total Assets	<u>\$ 74,437</u>	<u>\$ 320,700</u>	<u>\$ 814</u>	<u>\$ 395,951</u>
LIABILITIES				
Accounts payable	\$ 2,831	\$ 534	\$ 2	\$ 3,367
Accrued liabilities	29	3,129	-	3,158
Due to other funds	124	-	-	124
Due to other governments	9	-	-	9
Retention payable	295	463	-	758
Deposits	81	-	-	81
Unearned revenue	2,614	111	-	2,725
Total Liabilities	<u>5,983</u>	<u>4,237</u>	<u>2</u>	<u>10,222</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	6,207	466	-	6,673
Total Deferred Inflows of Resources	<u>6,207</u>	<u>466</u>	<u>-</u>	<u>6,673</u>
Nonspendable	-	-	499	499
Restricted	34,675	295,044	313	330,032
Committed	29,768	16,537	-	46,305
Assigned	-	4,416	-	4,416
Unassigned	(2,196)	-	-	(2,196)
Total Fund Balances	<u>62,247</u>	<u>315,997</u>	<u>812</u>	<u>379,056</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 74,437</u>	<u>\$ 320,700</u>	<u>\$ 814</u>	<u>\$ 395,951</u>

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
REVENUES				
Taxes	\$ 29,287	\$ -	\$ -	\$ 29,287
Licenses and permits	40	-	-	40
Investment income	173	2,019	1	2,193
Intergovernmental	4,946	45	-	4,991
Charges for services	1,368	741	-	2,109
Contributions from property owners-				
Special districts contributions	-	17,036	-	17,036
Revenue from developers	6,562	10,555	-	17,117
Special Assessments	8,833	-	-	8,833
Donations	441	-	170	611
Other revenue	168	-	-	168
Total Revenues	<u>51,818</u>	<u>30,396</u>	<u>171</u>	<u>82,385</u>
EXPENDITURES				
Current:				
General Government	185	10,799	-	10,984
Public Safety	2,229	-	-	2,229
Public Works	20,179	431	-	20,610
Community Development	2,380	95	-	2,475
Community Services	1,005	-	30	1,035
Transportation	761	13	-	774
Capital outlay	5,429	26,671	-	32,100
Total Expenditures	<u>32,168</u>	<u>38,009</u>	<u>30</u>	<u>70,207</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,650</u>	<u>(7,613)</u>	<u>141</u>	<u>12,178</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	3,999	-	-	3,999
Transfers in	9,802	11,868	-	21,670
Transfers out	(24,253)	(113)	-	(24,366)
Total Other Financing Sources (Uses)	<u>(10,452)</u>	<u>11,755</u>	<u>-</u>	<u>1,303</u>
Net Change in Fund Balances	9,198	4,142	141	13,481
Fund Balances, Beginning	<u>53,049</u>	<u>311,855</u>	<u>671</u>	<u>365,575</u>
Fund Balances, Ending	<u>\$ 62,247</u>	<u>\$ 315,997</u>	<u>\$ 812</u>	<u>\$ 379,056</u>



OTHER SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources derived from specific taxes or other earmarked revenues 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 is used to account for revenues and expenditures apportioned under the Street and Highway Code of the State of California. Expenditures may be made for any street-related purpose in the City's system of streets, including maintenance thereof.

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.

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 is used to record 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 records 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 is used for 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.

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, 2018
(amount expressed in thousands)
Page 1 of 3

	County Sales Tax Measure M	State Gasoline Tax	Systems Development	Slurry Seal Fees
ASSETS				
Cash and investments	\$ 938	\$ 11,299	\$ 26,932	\$ 2,652
Receivables, net of allowances:				
Taxes	810	-	-	-
Accounts	-	-	-	-
Accrued interest	2	23	54	2
Escrow deposits	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	566	-	3
Long-term notes receivable, net of allowances	-	-	-	-
Total Assets	<u>\$ 1,750</u>	<u>\$ 11,888</u>	<u>\$ 26,986</u>	<u>\$ 2,657</u>
LIABILITIES				
Accounts payable	\$ 14	\$ 529	\$ 148	\$ 766
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Retentions payable	-	-	-	295
Deposits	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>14</u>	<u>529</u>	<u>148</u>	<u>1,061</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	1,736	11,359	-	-
Committed	-	-	26,838	1,596
Unassigned	-	-	-	-
Total Fund Balances	<u>1,736</u>	<u>11,359</u>	<u>26,838</u>	<u>1,596</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 1,750</u>	<u>\$ 11,888</u>	<u>\$ 26,986</u>	<u>\$ 2,657</u>

- continued -

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2018
(amount expressed in thousands)
Page 2 of 3

	Maintenance District	Air Quality Improvement	Fees and Exactions	Major Special Events
ASSETS				
Cash and investments	\$ 2,070	\$ 392	\$ 16,700	\$ -
Receivables, net of allowances:				
Taxes	112	-	80	-
Accounts	57	88	2	244
Accrued interest	4	1	35	-
Escrow deposits	-	-	-	-
Due from other funds	22	-	-	-
Due from other governments	-	-	-	-
Long-term notes receivable, net of allowances	-	-	462	-
Total Assets	<u>\$ 2,265</u>	<u>\$ 481</u>	<u>\$ 17,279</u>	<u>\$ 244</u>
LIABILITIES				
Accounts payable	\$ 1,024	\$ 30	\$ 7	\$ 2
Accrued liabilities	-	-	-	24
Due to other funds	-	-	-	124
Due to other governments	1	-	3	-
Retentions payable	-	-	-	-
Deposits	-	-	81	-
Unearned revenue	-	-	2,614	-
Total Liabilities	<u>1,025</u>	<u>30</u>	<u>2,705</u>	<u>150</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	462	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>462</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	-	451	16,308	-
Committed	1,240	-	-	94
Unassigned	-	-	(2,196)	-
Total Fund Balances	<u>1,240</u>	<u>451</u>	<u>14,112</u>	<u>94</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 2,265</u>	<u>\$ 481</u>	<u>\$ 17,279</u>	<u>\$ 244</u>

- continued -

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2018
(amount expressed in thousands)
Page 3 of 3

	<u>iShuttle</u>	<u>Grants</u>	<u>Total Other Special Revenue Funds</u>
ASSETS			
Cash and investments	\$ 884	\$ 3,637	\$ 65,504
Receivables, net of allowances:			
Taxes	-	-	1,002
Accounts	3	67	461
Accrued interest	1	7	129
Escrow deposits	-	76	76
Due from other funds	-	-	22
Due from other governments	9	636	1,214
Long-term notes receivable, net of allowances	-	5,567	6,029
	<u>\$ 897</u>	<u>\$ 9,990</u>	<u>\$ 74,437</u>
Total Assets			
LIABILITIES			
Accounts payable	\$ 7	\$ 304	2,831
Accrued liabilities	4	1	29
Due to other funds	-	-	124
Due to other governments	-	5	9
Retentions payable	-	-	295
Deposits	-	-	81
Unearned revenue	-	-	2,614
	<u>11</u>	<u>310</u>	<u>5,983</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	9	5,736	6,207
	<u>9</u>	<u>5,736</u>	<u>6,207</u>
Total Deferred Inflows of Resources			
FUND BALANCES (DEFICITS)			
Restricted	877	3,944	34,675
Committed	-	-	29,768
Unassigned	-	-	(2,196)
	<u>877</u>	<u>3,944</u>	<u>62,247</u>
Total Fund Balances			
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 897</u>	<u>\$ 9,990</u>	<u>\$ 74,437</u>



City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 1 of 3

	County Sales Tax Measure M	State Gasoline Tax	Systems Development	Slurry Seal Fees
REVENUES				
Taxes	\$ 4,689	\$ 6,907	\$ 14,351	\$ -
Licenses and permits	-	-	-	-
Investment income	27	29	22	8
Intergovernmental	-	304	-	-
Charges for services	-	-	-	348
Revenue from developers	-	-	-	-
Special assessments	-	-	-	-
Donations	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>4,716</u>	<u>7,240</u>	<u>14,373</u>	<u>356</u>
EXPENDITURES				
Current:				
General Government	27	26	-	1
Public Safety	-	-	-	-
Public Works	215	2,885	-	20
Community Development	-	-	-	-
Community Services	-	-	-	-
Transportation	79	390	175	-
Capital outlay	-	-	-	5,429
Total Expenditures	<u>321</u>	<u>3,301</u>	<u>175</u>	<u>5,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,395</u>	<u>3,939</u>	<u>14,198</u>	<u>(5,094)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	-	-	-
Transfers in	-	-	-	5,451
Transfers out	(4,818)	(3,842)	(8,762)	-
Total Other Financing Sources	<u>(4,818)</u>	<u>(3,842)</u>	<u>(8,762)</u>	<u>5,451</u>
Net Change in Fund Balances	(423)	97	5,436	357
Fund Balances, Beginning	<u>2,159</u>	<u>11,262</u>	<u>21,402</u>	<u>1,239</u>
Fund Balances, Ending	<u>\$ 1,736</u>	<u>\$ 11,359</u>	<u>\$ 26,838</u>	<u>\$ 1,596</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, 2018
(amounts expressed in thousands)
Page 2 of 3

	<u>Maintenance District</u>	<u>Air Quality Improvement</u>	<u>Fees and Exactions</u>	<u>Major Special Events</u>
REVENUES				
Taxes	\$ 3,086	\$ -	\$ 254	\$ -
Licenses and permits	-	-	39	-
Investment income	10	2	69	-
Intergovernmental	-	343	14	-
Charges for services	122	-	-	674
Revenue from developers	-	-	6,562	-
Special assessments	8,833	-	-	-
Donations	-	-	-	-
Other revenue	168	-	-	-
Total Revenues	<u>12,219</u>	<u>345</u>	<u>6,938</u>	<u>674</u>
EXPENDITURES				
Current:				
General Government	73	20	-	-
Public Safety	-	229	-	669
Public Works	16,828	-	-	-
Community Development	-	-	-	-
Community Services	-	-	-	-
Transportation	-	43	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>16,901</u>	<u>292</u>	<u>-</u>	<u>669</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,682)</u>	<u>53</u>	<u>6,938</u>	<u>5</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	-	3,999	-
Transfers in	4,304	-	-	-
Transfers out	-	(230)	(6,601)	-
Total Other Financing Sources	<u>4,304</u>	<u>(230)</u>	<u>(2,602)</u>	<u>-</u>
Net Change in Fund Balances	(378)	(177)	4,336	5
Fund Balances, Beginning	<u>1,618</u>	<u>628</u>	<u>9,776</u>	<u>89</u>
Fund Balances, Ending	<u>\$ 1,240</u>	<u>\$ 451</u>	<u>\$ 14,112</u>	<u>\$ 94</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, 2018
(amounts expressed in thousands)
Page 3 of 3

	<u>iShuttle</u>	<u>Grants</u>	<u>Total Other Special Revenue Funds</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 29,287
Licenses and permits	-	1	40
Investment income	3	3	173
Intergovernmental	-	4,285	4,946
Charges for services	-	224	1,368
Revenue from developers	-	-	6,562
Special assessments	-	-	8,833
Donations	22	419	441
Other revenue	-	-	168
Total Revenues	<u>25</u>	<u>4,932</u>	<u>51,818</u>
EXPENDITURES			
Current:			
General Government	-	38	185
Public Safety	-	1,331	2,229
Public Works	-	231	20,179
Community Development	-	2,380	2,380
Community Services	-	1,005	1,005
Transportation	13	61	761
Capital outlay	-	-	5,429
Total Expenditures	<u>13</u>	<u>5,046</u>	<u>32,168</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12</u>	<u>(114)</u>	<u>19,650</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of property	-	-	3,999
Transfers in	47	-	9,802
Transfers out	-	-	(24,253)
Total Other Financing Sources (Uses)	<u>47</u>	<u>-</u>	<u>(10,452)</u>
Net Change in Fund Balances	59	(114)	9,198
Fund Balances, Beginning	<u>818</u>	<u>4,058</u>	<u>53,049</u>
Fund Balances, Ending	<u>\$ 877</u>	<u>\$ 3,944</u>	<u>62,247</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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,600	\$ 4,600	\$ 4,689	\$ 89
Investment income	5	5	27	22
Total Revenues	4,605	4,605	4,716	111
EXPENDITURES				
Current:				
General Government	37	37	27	10
Public Works	220	220	215	5
Transportation	213	213	79	134
Total Expenditures	470	470	321	149
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,135	4,135	4,395	260
Transfers out	(5,694)	(6,120)	(4,818)	1,302
Total Other Financing Sources (Uses)	(5,694)	(6,120)	(4,818)	1,302
Net Change in Fund Balances	(1,559)	(1,985)	(423)	1,562
Fund Balances, Beginning	2,159	2,159	2,159	-
Fund Balances, Ending	\$ 600	\$ 174	\$ 1,736	\$ 1,562

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 6,890	\$ 6,890	\$ 6,907	\$ 17
Investment income	91	91	29	(62)
Intergovernmental	296	296	304	8
Total Revenues	7,277	7,277	7,240	(37)
EXPENDITURES				
Current:				
General Government	35	35	26	9
Public Works	3,406	3,406	2,885	521
Transportation	-	390	390	-
Total Expenditures	3,441	3,831	3,301	530
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,836	3,446	3,939	493
OTHER FINANCING SOURCES (USES)				
Transfers out	(9,280)	(9,530)	(3,842)	5,688
Total Other Financing Sources (Uses)	(9,280)	(9,530)	(3,842)	5,688
Net Change in Fund Balances	(5,444)	(6,084)	97	6,181
Fund Balances, Beginning	11,262	11,262	11,262	-
Fund Balances, Ending	\$ 5,818	\$ 5,178	\$ 11,359	\$ 6,181

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Systems Development
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 12,500	\$ 12,500	\$ 14,351	\$ 1,851
Investment income	350	350	22	(328)
Total Revenues	12,850	12,850	14,373	1,523
EXPENDITURES				
Current:				
Transportation	605	605	175	430
Total Expenditures	605	605	175	430
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,245	12,245	14,198	1,953
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,694)	(8,762)	(8,762)	-
Total Other Financing Sources (Uses)	(8,694)	(8,762)	(8,762)	-
Net Change in Fund Balances	3,551	3,483	5,436	1,953
Fund Balances, Beginning	21,402	21,402	21,402	-
Fund Balances, Ending	\$ 24,953	\$ 24,885	\$ 26,838	\$ 1,953

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 55	\$ 55	\$ 8	\$ (47)
Charges for services	318	318	348	30
Total Revenues	373	373	356	(17)
EXPENDITURES				
Current:				
General Government	10	10	1	9
Public Works	66	66	20	46
Capital outlay	6,844	6,844	5,429	1,415
Total Expenditures	6,920	6,920	5,450	1,470
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,547)	(6,547)	(5,094)	1,453
OTHER FINANCING SOURCES (USES)				
Transfers in	6,560	6,560	5,451	(1,109)
Transfers out	(558)	(145)	-	145
Total Other Financing Sources (Uses)	6,002	6,415	5,451	(964)
Net Change in Fund Balances	(545)	(132)	357	489
Fund Balances, Beginning	1,239	1,239	1,239	-
Fund Balances, Ending	\$ 694	\$ 1,107	\$ 1,596	\$ 489

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Maintenance District
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,987	\$ 2,987	\$ 3,086	\$ 99
Investment income	-	-	10	10
Charges for services	90	90	122	32
Special assessments	8,580	8,580	8,833	253
Other revenue	95	95	168	73
Total Revenues	11,752	11,752	12,219	467
EXPENDITURES				
Current:				
General Government	80	80	73	7
Public Works	17,259	17,259	16,828	431
Total Expenditures	17,339	17,339	16,901	438
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,587)	(5,587)	(4,682)	905
OTHER FINANCING SOURCES (USES)				
Transfers in	4,304	4,304	4,304	-
Total Other Financing Sources (Uses)	4,304	4,304	4,304	-
Net Change in Fund Balances	(1,283)	(1,283)	(378)	905
Fund Balances, Beginning	1,618	1,618	1,618	-
Fund Balances, Ending	\$ 335	\$ 335	\$ 1,240	\$ 905

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 4	\$ 4	\$ 2	\$ (2)
Intergovernmental	310	310	343	33
Total Revenues	314	314	345	31
EXPENDITURES				
Current:				
General Government	10	10	20	(10)
Public Safety	261	261	229	32
Transportation	60	60	43	17
Total Expenditures	331	331	292	39
Excess (Deficiency) of Revenues	(17)	(17)	53	70
OTHER FINANCING SOURCES (USES)				
Transfers out	(622)	(537)	(230)	307
Total Other Financing Sources (Uses)	(622)	(537)	(230)	307
Net Change in Fund Balances	(639)	(554)	(177)	377
Fund Balances, Beginning	628	628	628	-
Fund Balances, Ending	\$ (11)	\$ 74	\$ 451	\$ 377

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 300	\$ 300	\$ 254	\$ (46)
Licenses and permits	-	-	39	39
Investment income	199	199	69	(130)
Intergovernmental	-	-	14	14
Revenue from developers	-	-	6,562	6,562
Total Revenues	499	499	6,938	6,439
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	3,999	3,999	3,999	-
Transfers out	(4,183)	(6,771)	(6,601)	170
Total Other Financing Sources (Uses)	(184)	(2,772)	(2,602)	170
Net Change in Fund Balances	315	(2,273)	4,336	6,609
Fund Balances, Beginning	9,776	9,776	9,776	-
Fund Balances, Ending	\$ 10,091	\$ 7,503	\$ 14,112	\$ 6,609

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 666	\$ 666	\$ 674	\$ 8
Total Revenues	666	666	674	8
EXPENDITURES				
Current:				
Public Safety	657	657	669	(12)
Total Expenditures	657	657	669	(12)
Excess (Deficiency) of Revenues Over (Under) Expenditures	9	9	5	(4)
OTHER FINANCING SOURCES (USES)				
Transfers out	(33)	(33)	-	33
Total Other Financing Sources (Uses)	(33)	(33)	-	33
Net Change in Fund Balances	(24)	(24)	5	29
Fund Balances, Beginning	89	89	89	-
Fund Balances, Ending	\$ 65	\$ 65	\$ 94	\$ 29

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Shuttle
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 12	\$ 12	\$ 3	\$ (9)
Donations	90	90	22	(68)
Total Revenues	102	102	25	(77)
EXPENDITURES				
Current:				
Transportation	180	180	13	167
Total Expenditures	180	180	13	167
Excess (Deficiency) of Revenues over (under) Expenditures	(78)	(78)	12	90
OTHER FINANCING SOURCES (USES)				
Transfers in	90	90	47	(43)
Total Other Financing Sources (Uses)	90	90	47	(43)
Net Change in Fund Balances	12	12	59	47
Fund Balances, Beginning	818	818	818	-
Fund Balances, Ending	\$ 830	\$ 830	\$ 877	\$ 47

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Grants
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	-	-	1	1
Investment income	\$ 22	\$ 22	\$ 3	\$ (19)
Intergovernmental	4,445	6,371	4,285	(2,086)
Charges for services	217	217	224	7
Donations	380	380	419	39
Total Revenues	5,064	6,990	4,932	(2,058)
EXPENDITURES				
Current:				
General Government	65	65	38	27
Public Safety	3,436	4,487	1,331	3,156
Public Works	191	222	231	(9)
Community Development	2,019	2,904	2,380	524
Community Services	1,478	1,478	1,005	473
Transportation	200	200	61	139
Total Expenditures	7,389	9,356	5,046	4,310
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,325)	(2,366)	(114)	2,252
Net Change in Fund Balances	(2,325)	(2,366)	(114)	2,252
Fund Balances, Beginning	4,058	4,058	4,058	-
Fund Balances, Ending	\$ 1,733	\$ 1,692	\$ 3,944	\$ 2,252



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 its complexity, typically requires more than one budgetary cycle to complete. Other Capital Projects Funds include the following:

Assessment Districts - This fund accounts for related capital project activities for development in the assessment districts.

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, 2018
 (amounts expressed in thousands)
 Page 1 of 2

	<u>Assessment Districts</u>	<u>Park Development</u>	<u>Irvine Business Complex</u>
ASSETS			
Cash and investments	\$ 101,610	\$ 22,810	\$ 90,658
Receivables, net of allowances:			
Accrued interest	344	33	169
Escrow deposits	-	404	-
Due from other governments	-	417	63
Due from developers	-	-	-
Total Assets	<u>\$ 101,954</u>	<u>\$ 23,664</u>	<u>\$ 90,890</u>
LIABILITIES			
Accounts payable	\$ 138	\$ 358	\$ 4
Accrued liabilities	3,129	-	-
Retentions payable	-	463	-
Unearned revenue	-	111	-
Total Liabilities	<u>3,267</u>	<u>932</u>	<u>4</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	403	63
Total Deferred Inflows of Resources	<u>-</u>	<u>403</u>	<u>63</u>
FUND BALANCES (DEFICITS)			
Restricted	98,687	1,376	90,823
Committed	-	16,537	-
Assigned	-	4,416	-
Total Fund Balances	<u>98,687</u>	<u>22,329</u>	<u>90,823</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 101,954</u>	<u>\$ 23,664</u>	<u>\$ 90,890</u>

- continued -

City of Irvine
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2018
 (amounts expressed in thousands)
 Page 2 of 2

	North Irvine Transportation Mitigation	Total Other Capital Projects Funds
ASSETS		
Cash and investments	\$ 80,549	\$ 295,627
Receivables, net of allowances:		
Accrued interest	145	691
Escrow deposits	-	404
Due from other governments	-	480
Due from developers	23,498	23,498
Total Assets	\$ 104,192	\$ 320,700
LIABILITIES		
Accounts payable	\$ 34	\$ 534
Accrued liabilities	-	3,129
Retentions payable	-	463
Unearned revenue	-	111
Total Liabilities	34	4,237
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	-	466
Total Deferred Inflows of Resources	-	466
FUND BALANCES (DEFICITS)		
Restricted	104,158	295,044
Committed	-	16,537
Assigned	-	4,416
Total Fund Balances	104,158	315,997
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	\$ 104,192	\$ 320,700

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Capital Projects Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 1 of 2

	Assessment Districts	Park Development	Irvine Business Complex
REVENUES			
Investment income	\$ 1,584	\$ 30	\$ 201
Intergovernmental	-	45	-
Charges for services	-	514	227
Cotnributions from property owners-			
Special districts contributions	17,036	-	-
Revenue from developers	-	-	7,570
Total Revenues	<u>18,620</u>	<u>589</u>	<u>7,998</u>
EXPENDITURES			
Current:			
General Government	10,759	15	13
Public Works	198	101	100
Community Development	1	1	93
Transportation	-	-	8
Capital outlay	20,940	5,031	314
Total Expenditures	<u>31,898</u>	<u>5,148</u>	<u>528</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,278)</u>	<u>(4,559)</u>	<u>7,470</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	11,868	-
Transfers out	-	(66)	(47)
Total Other Financing Sources (Uses)	<u>-</u>	<u>11,802</u>	<u>(47)</u>
Net Change in Fund Balances	(13,278)	7,243	7,423
Fund Balances, Beginning	<u>111,965</u>	<u>15,086</u>	<u>83,400</u>
Fund Balances, Ending	<u>\$ 98,687</u>	<u>\$ 22,329</u>	<u>\$ 90,823</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, 2018
(amounts expressed in thousands)
Page 2 of 2

	North Irvine Transportation Mitigation	Total Other Capital Projects Funds
REVENUES		
Investment income	\$ 204	\$ 2,019
Intergovernmental	-	45
Charges for services	-	741
Cotnributions from property owners-		
Special districts contributions	-	17,036
Revenue from developers	2,985	10,555
Total Revenues	3,189	30,396
EXPENDITURES		
Current:		
General Government	12	10,799
Public Works	32	431
Community Development	-	95
Transportation	5	13
Capital outlay	386	26,671
Total Expenditures	435	38,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,754	(7,613)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	11,868
Transfers out	-	(113)
Total Other Financing Sources (Uses)	-	11,755
Net Change in Fund Balances	2,754	4,142
Fund Balances, Beginning	101,404	311,855
Fund Balances, Ending	\$ 104,158	\$ 315,997



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, 2018
 (amounts expressed in thousands)

	<u>Senior Services Fund</u>
ASSETS	
Cash and investments	\$ 813
Receivables, net of allowances:	
Accrued interest	1
Total Assets	<u>\$ 814</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	2
Total Liabilities	<u>2</u>
Fund Balances:	
Nonspendable	499
Restricted	313
Total Fund Balances	<u>812</u>
Total Liabilities and Fund Balances	<u>\$ 814</u>

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Permanent Fund
For the Fiscal Year Ended June 30, 2018
 (amounts expressed in thousands)

	Senior Services Fund
REVENUES	
Investment income	1
Donations	\$ 170
Total Revenues	171
EXPENDITURES	
Current:	
Community Services	30
Total Expenditures	30
Excess (Deficiency) of Revenues Over (Under) Expenditures	141
OTHER FINANCING SOURCES (USES)	
Total Other Financing Sources (Uses)	-
Net Change in Fund Balances	141
Fund Balances, Beginning	671
Fund Balances, Ending	\$ 812

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Senior Services
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 1	\$ 1	\$ 1	\$ -
Donations	28	28	170	142
Total Revenues	29	29	171	142
EXPENDITURES				
Current:				
Community Services	82	82	30	52
Total Expenditures	82	82	30	52
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53)	(53)	141	194
Net Change in Fund Balances	(53)	(53)	141	194
Fund Balances, Beginning	671	671	671	-
Fund Balances, Ending	\$ 618	\$ 618	\$ 812	\$ 194





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, 2018
(amounts expressed in thousands)

	Self- Insurance	Equipment and Services	Inventory	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 18,331	\$ 16,274	\$ 81	\$ 34,686
Receivables, net of allowances:				
Accounts	64	23	-	87
Accrued interest	34	32	-	66
Prepaid items	-	438	-	438
Inventories	-	-	82	82
Due from other governments	-	61	-	61
Total Current Assets	<u>18,429</u>	<u>16,828</u>	<u>163</u>	<u>35,420</u>
Noncurrent Assets:				
Capital assets:				
Equipment	20	23,865	-	23,885
Less accumulated depreciation	(20)	(15,738)	-	(15,758)
Total Noncurrent Assets	<u>-</u>	<u>8,127</u>	<u>-</u>	<u>8,127</u>
Total Assets	<u>18,429</u>	<u>24,955</u>	<u>163</u>	<u>43,547</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	330	769	-	1,099
Total Deferred Outflows of Resources	<u>330</u>	<u>769</u>	<u>-</u>	<u>1,099</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	116	3,315	13	3,444
Accrued liabilities	224	1	-	225
Due to other governments	-	22	-	22
Compensated absences	29	65	-	94
Claims payable	4,115	-	-	4,115
Total Current Liabilities	<u>4,484</u>	<u>3,403</u>	<u>13</u>	<u>7,900</u>
Noncurrent Liabilities:				
Compensated absences	71	160	1	232
Claims payable	11,512	-	-	11,512
Net pension	784	1,829	-	2,613
Total Noncurrent Liabilities	<u>12,367</u>	<u>1,989</u>	<u>1</u>	<u>14,357</u>
Total Liabilities	<u>16,851</u>	<u>5,392</u>	<u>14</u>	<u>22,257</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	45	104	-	149
Total Deferred Inflows of Resources	<u>45</u>	<u>104</u>	<u>-</u>	<u>149</u>
NET POSITION				
Net investment in capital assets	-	8,127	-	8,127
Unrestricted	1,863	12,101	149	14,113
Total Net Position	<u>\$ 1,863</u>	<u>\$ 20,228</u>	<u>\$ 149</u>	<u>\$ 22,240</u>

City of Irvine
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Self- Insurance	Equipment and Services	Inventory	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 5,893	\$ 21,722	\$ 325	\$ 27,940
Intergovernmental	-	60	-	60
Other	-	72	-	72
Total Operating Revenues	<u>5,893</u>	<u>21,854</u>	<u>325</u>	<u>28,072</u>
OPERATING EXPENSES				
Salaries and benefits	901	3,386	5	4,292
Supplies and equipment	61	6,790	323	7,174
Contract services	462	8,916	-	9,378
Administration	1	1,479	-	1,480
Self-insured losses	3,064	-	-	3,064
Insurance premiums	2,427	56	-	2,483
Depreciation	-	2,322	-	2,322
Total Operating Expenses	<u>6,916</u>	<u>22,949</u>	<u>328</u>	<u>30,193</u>
Operating Income (Loss)	<u>(1,023)</u>	<u>(1,095)</u>	<u>(3)</u>	<u>(2,121)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	50	63	-	113
Gain (loss) on disposal of equipment	-	163	-	163
Total Nonoperating Revenues	<u>50</u>	<u>226</u>	<u>-</u>	<u>276</u>
Income (Loss) Before Capital Contributions and Transfers	(973)	(869)	(3)	(1,845)
Capital contributions	-	918	-	918
Transfers in	-	925	-	925
Transfers out	(200)	(1,325)	-	(1,525)
Change in Net Position	<u>(1,173)</u>	<u>(351)</u>	<u>(3)</u>	<u>(1,527)</u>
Total Net Position, Beginning	<u>3,036</u>	<u>20,579</u>	<u>152</u>	<u>23,767</u>
Total Net Position, Ending	<u>\$ 1,863</u>	<u>\$ 20,228</u>	<u>\$ 149</u>	<u>\$ 22,240</u>

City of Irvine
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Self- Insurance	Equipment and Services	Inventory	Total Internal Service
Cash Flows From Operating Activities				
Received from customers and users	\$ (28)	122	\$ -	\$ 94
Received from interfund services provided	5,893	21,722	325	27,940
Paid to suppliers and providers	(5,680)	(16,246)	(369)	(22,295)
Paid for salaries and benefits	(879)	(3,325)	(5)	(4,209)
Net Cash Provided (Used) by Operating Activities	(694)	2,273	(49)	1,530
Cash Flows From Non-Capital Financing Activities				
Transfers from other funds	-	925	-	925
Transfers to other funds	(200)	(1,325)	-	(1,525)
Net Cash Provided (Used) by Non-Capital Financing Activities	(200)	(400)	-	(600)
Cash Flows From Capital and Related Financing Activities				
Proceeds from sale of equipment	-	385	-	385
Equipment purchases	-	(2,040)	-	(2,040)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,655)	-	(1,655)
Interest received on investments	47	58	-	105
Net Cash Provided (Used) by Investing Activities	47	58	-	105
Net Increase (Decrease) in Cash and Cash Equivalents	(847)	276	(49)	(620)
Cash and Cash Equivalents, Beginning of Fiscal Year	19,178	15,998	130	35,306
Cash and Cash Equivalents, End of Fiscal Year	\$ 18,331	\$ 16,274	\$ 81	\$ 34,686

**Reconciliation of Operating Income to
Net Cash Provided (Used) by Operating Activities**

Cash Flows from Operating Activities				
Operating income (loss)	\$ (1,023)	\$ (1,095)	\$ (3)	\$ (2,121)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	2,322	-	2,322
(Increase) decrease in receivables, net of allowances	(28)	44	-	16
(Increase) decrease in prepaid items	-	(166)	-	(166)
(Increase) decrease in due from other funds	-	(54)	-	(54)
(Increase) decrease in inventories	-	-	13	13
(Increase) decrease in deferred outflows	(52)	(120)	-	(172)
Increase (decrease) in accounts payable	(344)	1,154	(59)	751
Increase (decrease) in accrued liabilities	188	-	-	188
Increase (decrease) in due to other governments	-	7	-	7
Increase (decrease) in deferred inflow	13	30	-	43
Increase (decrease) in compensated absences	32	84	-	116
Increase (decrease) in claims payable	491	-	-	491
Increase (decrease) in net pension	29	67	-	96
Total Adjustments	329	3,368	(46)	3,651
Net Cash Provided (Used) by Operating Activities	\$ (694)	\$ 2,273	\$ (49)	\$ 1,530
Schedule of Non-Cash and Related Financing Activities				
Contribution of Capital Assets	\$ -	\$ 918	\$ -	\$ 918





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, 2018
(amount expressed in thousands)

	PENSION TRUST		Total Pension and Employee Benefit Trust Funds
	(December 31, 2017)		
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	
ASSETS			
Cash and cash equivalents	\$ 284	\$ -	\$ 284
Receivables, net of allowances:			
Employer contributions	8	-	8
Plan member contributions	2	-	2
Loans	-	45	45
Investments:			
Pooled funds	19,439	4,315	23,754
Mutual funds - closed end funds equity	201	-	201
Mutual funds - equity	-	4,391	4,391
Mutual funds - corporate bonds	-	591	591
Mutual funds - balanced	-	225	225
Wells Fargo funds - balanced	-	898	898
Total Assets	19,934	10,465	30,399
LIABILITIES			
Accounts payable and other accrued liabilities	-	13	13
Accrued liabilities	21	-	21
Total Liabilities	21	13	34
NET POSITION			
Net position restricted for pensions	19,913	10,452	30,365
Total Net Position	\$ 19,913	\$ 10,452	\$ 30,365

City of Irvine
Combining Statement of Changes in Fiduciary Net Position
Pension and Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2018
(amount expressed in thousands)

	PENSION TRUST		Total Pension and Employee Benefit Trust Funds
	(December 31, 2017)		
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	
ADDITIONS			
Contributions:			
Employer	\$ 184	\$ 114	\$ 298
Plan members	45	48	93
Interest from participants' loan	-	2	2
Total Contributions	<u>229</u>	<u>164</u>	<u>393</u>
Investment income (loss):			
Interest and dividends	7	78	85
Net appreciation (depreciation) in fair value of investments	1,767	1,191	2,958
Total Investment Income	<u>1,774</u>	<u>1,269</u>	<u>3,043</u>
Less: investment expenses	<u>(68)</u>	<u>(26)</u>	<u>(94)</u>
Net Investment Income	<u>1,706</u>	<u>1,243</u>	<u>2,949</u>
Total Additions	<u>1,935</u>	<u>1,407</u>	<u>3,342</u>
DEDUCTIONS			
Benefit payments	1,198	404	1,602
Administrative expenses	16	29	45
Total Deductions	<u>1,214</u>	<u>433</u>	<u>1,647</u>
Change in Net Position	721	974	1,695
Total Net Position, Beginning	<u>19,192</u>	<u>9,478</u>	<u>28,670</u>
Total Net Position, Ending	<u>\$ 19,913</u>	<u>\$ 10,452</u>	<u>\$ 30,365</u>

City of Irvine
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2018
(amounts expressed in thousands)

	Successor Agency Debt Service	Redevelopment Obligation Retirement	Total Successor Agency Private-Purpose Trust Funds
ASSETS			
Cash and investments	\$ 27	\$ 5,061	\$ 5,088
Accrued interest	-	8	8
Due from other governments	235,962	-	235,962
Total Assets	235,989	5,069	241,058
LIABILITIES			
Accounts payable	-	3,979	3,979
Advances from the City of Irvine	235,962	-	235,962
Total Liabilities	235,962	3,979	239,941
NET POSITION			
Held in trust for enforceable obligations	27	1,090	1,117
Total Net Position	\$ 27	\$ 1,090	\$ 1,117

City of Irvine
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Successor Agency Debt Service</u>	<u>Redevelopment Obligation Retirement</u>	<u>Total Successor Agency Private-Purpose Trust Funds</u>
ADDITIONS			
Taxes	\$ -	\$ 4,173	\$ 4,173
Investment income	27	(36)	(9)
Total Additions	<u>27</u>	<u>4,137</u>	<u>4,164</u>
DEDUCTIONS			
Distributions to the County	-	3,973	3,973
Administration	-	47	47
Total Deductions	<u>-</u>	<u>4,020</u>	<u>4,020</u>
Change in Net Position	27	117	144
Total Net Position, Beginning	<u>-</u>	<u>973</u>	<u>973</u>
Total Net Position, Ending	<u>\$ 27</u>	<u>\$ 1,090</u>	<u>\$ 1,117</u>

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
 (amounts expressed in thousands)
 Page 1 of 6

	Eastwood Assessment District 13-25	Cypress Village Assessment District 11-24	Laguna Alta Assessment District 10-23	Stonegate Assessment District 07-22
ASSETS				
Cash and investments	\$ 3,586	\$ 4,342	\$ 1,477	\$ 5,657
Receivables, net of allowances:				
Taxes	31	22	14	35
Accounts	-	-	-	-
Accrued interest	7	11	3	17
Escrow deposits	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>3,624</u>	<u>4,375</u>	<u>1,494</u>	<u>5,709</u>
LIABILITIES				
Accounts payable	-	1	-	20
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	3,624	4,374	1,494	5,689
Due to other governments	-	-	-	-
Total Liabilities	<u>3,624</u>	<u>4,375</u>	<u>1,494</u>	<u>5,709</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
 (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	\$ 11,709	\$ 8,454	\$ 17	\$ 142
Receivables, net of allowances:				
Taxes	104	37	-	-
Accounts	-	-	-	-
Accrued interest	38	17	-	-
Escrow deposits	-	-	-	-
Due from developers	82	61	113	25
Total Assets	<u>11,933</u>	<u>8,569</u>	<u>130</u>	<u>167</u>
LIABILITIES				
Accounts payable	77	58	103	22
Accrued liabilities	2	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	11,854	8,511	27	145
Due to other governments	-	-	-	-
Total Liabilities	<u>11,933</u>	<u>8,569</u>	<u>130</u>	<u>167</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
 (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	\$ 9	\$ 211	\$ 6,947	\$ 318
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	51	-
Escrow deposits	-	-	-	-
Due from developers	81	39	124	44
Total Assets	<u>90</u>	<u>250</u>	<u>7,122</u>	<u>362</u>
LIABILITIES				
Accounts payable	76	36	118	40
Accrued liabilities	-	-	1	-
Due to other funds	-	-	-	-
Due to bondholders	14	214	7,003	322
Due to other governments	-	-	-	-
Total Liabilities	<u>90</u>	<u>250</u>	<u>7,122</u>	<u>362</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
 (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	\$ 1,488	\$ 489	\$ 470	\$ 20,922
Receivables, net of allowances:				
Taxes	-	-	-	162
Accounts	-	-	-	-
Accrued interest	1	-	1	74
Escrow deposits	-	-	-	-
Due from developers	9	69	85	-
Total Assets	<u>1,498</u>	<u>558</u>	<u>556</u>	<u>21,158</u>
LIABILITIES				
Accounts payable	6	63	78	6
Accrued liabilities	-	-	1	-
Due to other funds	-	-	-	-
Due to bondholders	1,492	495	477	21,152
Due to other governments	-	-	-	-
Total Liabilities	<u>1,498</u>	<u>558</u>	<u>556</u>	<u>21,158</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
 (amounts expressed in thousands)
 Page 5 of 6

	Reassessment District 13-1	Reassessment District 15-1	Reassessment District 15-2	CFD - Central Park 2004-1
ASSETS				
Cash and investments	\$ 12,038	\$ 10,039	\$ 5,885	\$ 2,153
Receivables, net of allowances:				
Taxes	122	66	37	31
Accounts	-	-	-	-
Accrued interest	58	27	16	3
Escrow deposits	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>12,218</u>	<u>10,132</u>	<u>5,938</u>	<u>2,187</u>
LIABILITIES				
Accounts payable	2	4	1	4
Accrued liabilities	-	-	-	1
Due to other funds	-	-	-	-
Due to bondholders	12,216	10,128	5,937	2,182
Due to other governments	-	-	-	-
Total Liabilities	<u>12,218</u>	<u>10,132</u>	<u>5,938</u>	<u>2,187</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
 (amounts expressed in thousands)
 Page 6 of 6

	CFD - Columbus Grove 2005-2	CFD - Great Park 2013-3	Inter-Agency Custodial Fund	Total Agency Funds
ASSETS				
Cash and investments	\$ 1,699	\$ 24,352	\$ 118	\$ 122,522
Receivables, net of allowances:				
Taxes	13	508	-	1,182
Accounts	-	2,186	-	2,186
Accrued interest	4	158	-	486
Escrow deposits	-	-	-	-
Due from developers	-	-	-	732
Total Assets	<u>1,716</u>	<u>27,204</u>	<u>118</u>	<u>127,108</u>
LIABILITIES				
Accounts payable	3	62	-	780
Accrued liabilities	-	1	-	6
Due to other funds	-	88	-	88
Due to bondholders	1,713	24,915	-	123,978
Due to other governments	-	2,138	118	2,256
Total Liabilities	<u>1,716</u>	<u>27,204</u>	<u>118</u>	<u>127,108</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, 2018
(amounts expressed in thousands)
Page 1 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Eastwood Assessment District 13-25				
ASSETS				
Cash and investments	\$ 3,525	\$ 2,904	\$ 2,843	\$ 3,586
Receivables, net of allowances:				
Taxes	-	31	-	31
Accounts	-	-	-	-
Accrued interest	4	7	4	7
Due from developers	-	-	-	-
Total Assets	<u>\$ 3,529</u>	<u>\$ 2,942</u>	<u>\$ 2,847</u>	<u>\$ 3,624</u>
LIABILITIES				
Accounts payable	\$ 13	\$ 1,424	\$ 1,437	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	3,516	108	-	3,624
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 3,529</u>	<u>\$ 1,532</u>	<u>\$ 1,437</u>	<u>\$ 3,624</u>
Cypress Village Assessment District 11-24				
ASSETS				
Cash and investments	\$ 4,117	\$ 5,189	\$ 4,964	\$ 4,342
Receivables, net of allowances:				
Taxes	77	22	77	22
Accounts	-	-	-	-
Accrued interest	7	11	7	11
Due from developers	-	-	-	-
Total Assets	<u>\$ 4,201</u>	<u>\$ 5,222</u>	<u>\$ 5,048</u>	<u>\$ 4,375</u>
LIABILITIES				
Accounts payable	\$ 14	\$ 2,565	\$ 2,578	\$ 1
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	4,187	187	-	4,374
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 4,201</u>	<u>\$ 2,752</u>	<u>\$ 2,578</u>	<u>\$ 4,375</u>
Laguna Alta Assessment District 10-23				
ASSETS				
Cash and investments	\$ 1,465	\$ 1,809	\$ 1,797	\$ 1,477
Receivables, net of allowances:				
Taxes	14	14	14	14
Accounts	-	-	-	-
Accrued interest	1	3	1	3
Due from developers	-	-	-	-
Total Assets	<u>\$ 1,480</u>	<u>\$ 1,826</u>	<u>\$ 1,812</u>	<u>\$ 1,494</u>
LIABILITIES				
Accounts payable	\$ -	\$ 897	\$ 897	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	1,480	14	-	1,494
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 1,480</u>	<u>\$ 911</u>	<u>\$ 897</u>	<u>\$ 1,494</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 2 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Stonegate Assessment District 07-22				
ASSETS				
Cash and investments	\$ 5,772	\$ 6,730	\$ 6,845	\$ 5,657
Receivables, net of allowances:				
Taxes	41	35	41	35
Accounts	-	-	-	-
Accrued interest	2	17	2	17
Due from developers	-	-	-	-
Total Assets	<u>\$ 5,815</u>	<u>\$ 6,782</u>	<u>\$ 6,888</u>	<u>\$ 5,709</u>
LIABILITIES				
Accounts payable	\$ 20	\$ 2,530	\$ 2,530	\$ 20
Accrued liabilities	1	-	1	-
Due to other funds	-	-	-	-
Due to bondholders	5,794	82	187	5,689
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 5,815</u>	<u>\$ 2,612</u>	<u>\$ 2,718</u>	<u>\$ 5,709</u>
Orchard Hills Reassessment District 05-21				
ASSETS				
Cash and investments	\$ 9,970	\$ 30,162	\$ 28,423	\$ 11,709
Receivables, net of allowances:				
Taxes	132	104	132	104
Accounts	26	171	197	-
Accrued interest	4	38	4	38
Due from developers	92	360	370	82
Total Assets	<u>\$ 10,224</u>	<u>\$ 30,835</u>	<u>\$ 29,126</u>	<u>\$ 11,933</u>
LIABILITIES				
Accounts payable	\$ 116	\$ 5,421	\$ 5,460	\$ 77
Accrued liabilities	-	2	-	2
Due to other funds	-	-	-	-
Due to bondholders	10,108	2,239	493	11,854
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 10,224</u>	<u>\$ 7,662</u>	<u>\$ 5,953</u>	<u>\$ 11,933</u>
Portola Springs Reassessment District 04-20				
ASSETS				
Cash and investments	\$ 9,570	\$ 5,537	\$ 6,653	\$ 8,454
Receivables, net of allowances:				
Taxes	25	37	25	37
Accounts	-	-	-	-
Accrued interest	3	17	3	17
Due from developers	74	269	282	61
Total Assets	<u>\$ 9,672</u>	<u>\$ 5,860</u>	<u>\$ 6,963</u>	<u>\$ 8,569</u>
LIABILITIES				
Accounts payable	\$ 77	\$ 2,825	\$ 2,844	\$ 58
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	9,595	87	1,171	8,511
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 9,672</u>	<u>\$ 2,912</u>	<u>\$ 4,015</u>	<u>\$ 8,569</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 3 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Woodbury Assessment District 03-19				
ASSETS				
Cash and investments	\$ 11	\$ 501	\$ 495	\$ 17
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	125	489	501	113
Total Assets	<u>\$ 136</u>	<u>\$ 990</u>	<u>\$ 996</u>	<u>\$ 130</u>
LIABILITIES				
Accounts payable	\$ 123	\$ 459	\$ 479	\$ 103
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	13	14	-	27
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 136</u>	<u>\$ 473</u>	<u>\$ 479</u>	<u>\$ 130</u>
Shady Canyon/Turtle Ridge Assessment District 00-18				
ASSETS				
Cash and investments	\$ 125	\$ 136	\$ 119	\$ 142
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	36	109	120	25
Total Assets	<u>\$ 161</u>	<u>\$ 245</u>	<u>\$ 239</u>	<u>\$ 167</u>
LIABILITIES				
Accounts payable	\$ 28	\$ 99	\$ 105	\$ 22
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	133	12	-	145
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 161</u>	<u>\$ 111</u>	<u>\$ 105</u>	<u>\$ 167</u>
Irvine Spectrum Reassessment District 85-7				
ASSETS				
Cash and investments	\$ -	\$ 373	\$ 364	\$ 9
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	101	359	379	81
Total Assets	<u>\$ 101</u>	<u>\$ 732</u>	<u>\$ 743</u>	<u>\$ 90</u>
LIABILITIES				
Accounts payable	\$ 87	\$ 345	\$ 356	\$ 76
Accrued liabilities	8	-	8	-
Due to other funds	-	-	-	-
Due to bondholders	6	8	-	14
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 101</u>	<u>\$ 353</u>	<u>\$ 364</u>	<u>\$ 90</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 4 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Irvine Spectrum Assessment District 87-8				
ASSETS				
Cash and investments	\$ 204	\$ 183	\$ 176	\$ 211
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	50	167	178	39
Total Assets	<u>\$ 254</u>	<u>\$ 350</u>	<u>\$ 354</u>	<u>\$ 250</u>
LIABILITIES				
Accounts payable	\$ 44	\$ 159	\$ 167	\$ 36
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	210	4	-	214
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 254</u>	<u>\$ 163</u>	<u>\$ 167</u>	<u>\$ 250</u>
Irvine Spectrum Assessment District 93-14				
ASSETS				
Cash and investments	\$ 6,865	\$ 637	\$ 555	\$ 6,947
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	15	51	15	51
Due from developers	137	547	560	124
Total Assets	<u>\$ 7,017</u>	<u>\$ 1,235</u>	<u>\$ 1,130</u>	<u>\$ 7,122</u>
LIABILITIES				
Accounts payable	\$ 122	\$ 533	\$ 537	\$ 118
Accrued liabilities	-	1	-	1
Due to other funds	-	-	-	-
Due to bondholders	6,895	108	-	7,003
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 7,017</u>	<u>\$ 642</u>	<u>\$ 537</u>	<u>\$ 7,122</u>
Oak Creek Assessment District 94-13				
ASSETS				
Cash and investments	\$ 251	\$ 256	\$ 189	\$ 318
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	54	186	196	44
Total Assets	<u>\$ 305</u>	<u>\$ 442</u>	<u>\$ 385</u>	<u>\$ 362</u>
LIABILITIES				
Accounts payable	\$ 51	\$ 171	\$ 182	\$ 40
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	254	68	-	322
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 305</u>	<u>\$ 239</u>	<u>\$ 182</u>	<u>\$ 362</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 5 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Westpark II Assessment District 94-15				
ASSETS				
Cash and investments	\$ 1,467	\$ 113	\$ 92	\$ 1,488
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	1	-	1
Due from developers	18	48	57	9
Total Assets	<u>\$ 1,485</u>	<u>\$ 162</u>	<u>\$ 149</u>	<u>\$ 1,498</u>
LIABILITIES				
Accounts payable	\$ 15	\$ 34	\$ 43	\$ 6
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	1,470	22	-	1,492
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 1,485</u>	<u>\$ 56</u>	<u>\$ 43</u>	<u>\$ 1,498</u>
Northwest Assessment District 97-16				
ASSETS				
Cash and investments	\$ 478	\$ 299	\$ 288	\$ 489
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	79	283	293	69
Total Assets	<u>\$ 557</u>	<u>\$ 582</u>	<u>\$ 581</u>	<u>\$ 558</u>
LIABILITIES				
Accounts payable	\$ 75	\$ 264	\$ 276	\$ 63
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	482	13	-	495
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 557</u>	<u>\$ 277</u>	<u>\$ 276</u>	<u>\$ 558</u>
Lower Peters Canyon Assessment District 97-17				
ASSETS				
Cash and investments	\$ 469	\$ 562	\$ 561	\$ 470
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	1	1	1	1
Due from developers	91	355	361	85
Total Assets	<u>\$ 561</u>	<u>\$ 918</u>	<u>\$ 923</u>	<u>\$ 556</u>
LIABILITIES				
Accounts payable	\$ 86	\$ 437	\$ 445	\$ 78
Accrued liabilities	-	1	-	1
Due to other funds	-	-	-	-
Due to bondholders	475	2	-	477
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 561</u>	<u>\$ 440</u>	<u>\$ 445</u>	<u>\$ 556</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 6 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Reassessment District 12-1				
ASSETS				
Cash and investments	\$ 20,574	\$ 26,634	\$ 26,286	\$ 20,922
Receivables, net of allowances:				
Taxes	157	162	157	162
Accounts	-	-	-	-
Accrued interest	20	74	20	74
Due from developers	-	-	-	-
Total Assets	<u>\$ 20,751</u>	<u>\$ 26,870</u>	<u>\$ 26,463</u>	<u>\$ 21,158</u>
LIABILITIES				
Accounts payable	\$ -	\$ 13,158	\$ 13,152	\$ 6
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	20,751	401	-	21,152
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 20,751</u>	<u>\$ 13,559</u>	<u>\$ 13,152</u>	<u>\$ 21,158</u>
Reassessment District 13-1				
ASSETS				
Cash and investments	\$ 11,888	\$ 15,071	\$ 14,921	\$ 12,038
Receivables, net of allowances:				
Taxes	94	122	94	122
Accounts	-	-	-	-
Accrued interest	17	58	17	58
Due from developers	-	-	-	-
Total Assets	<u>\$ 11,999</u>	<u>\$ 15,251</u>	<u>\$ 15,032</u>	<u>\$ 12,218</u>
LIABILITIES				
Accounts payable	\$ 2	\$ 7,489	\$ 7,489	\$ 2
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	11,997	219	-	12,216
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 11,999</u>	<u>\$ 7,708</u>	<u>\$ 7,489</u>	<u>\$ 12,218</u>
Reassessment District 15-1				
ASSETS				
Cash and investments	\$ 10,069	\$ 12,436	\$ 12,466	\$ 10,039
Receivables, net of allowances:				
Taxes	91	66	91	66
Accounts	-	-	-	-
Accrued interest	6	27	6	27
Due from developers	-	-	-	-
Total Assets	<u>\$ 10,166</u>	<u>\$ 12,529</u>	<u>\$ 12,563</u>	<u>\$ 10,132</u>
LIABILITIES				
Accounts payable	\$ -	\$ 6,187	\$ 6,183	\$ 4
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	10,166	-	38	10,128
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 10,166</u>	<u>\$ 6,187</u>	<u>\$ 6,221</u>	<u>\$ 10,132</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 7 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Reassessment District 15-2				
ASSETS				
Cash and investments	\$ 5,778	\$ 8,015	\$ 7,908	\$ 5,885
Receivables, net of allowances:				
Taxes	48	37	48	37
Accounts	-	-	-	-
Accrued interest	3	16	3	16
Due from developers	-	-	-	-
Total Assets	<u>\$ 5,829</u>	<u>\$ 8,068</u>	<u>\$ 7,959</u>	<u>\$ 5,938</u>
LIABILITIES				
Accounts payable	\$ -	\$ 3,982	\$ 3,981	\$ 1
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	5,829	108	-	5,937
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 5,829</u>	<u>\$ 4,090</u>	<u>\$ 3,981</u>	<u>\$ 5,938</u>
CFD-Central Park 2004-1				
ASSETS				
Cash and investments	\$ 4,608	\$ 2,748	\$ 5,203	\$ 2,153
Receivables, net of allowances:				
Taxes	33	31	33	31
Accounts	-	-	-	-
Accrued interest	-	3	-	3
Due from developers	-	-	-	-
Total Assets	<u>\$ 4,641</u>	<u>\$ 2,782</u>	<u>\$ 5,236</u>	<u>\$ 2,187</u>
LIABILITIES				
Accounts payable	\$ 3	\$ 1,360	\$ 1,359	\$ 4
Accrued liabilities	-	1	-	1
Due to other funds	-	-	-	-
Due to bondholders	4,638	18	2,474	2,182
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 4,641</u>	<u>\$ 1,379</u>	<u>\$ 3,833</u>	<u>\$ 2,187</u>
CFD-Columbus Grove 2005-2				
ASSETS				
Cash and investments	\$ 1,692	\$ 2,232	\$ 2,225	\$ 1,699
Receivables, net of allowances:				
Taxes	13	13	13	13
Accounts	-	-	-	-
Accrued interest	-	4	-	4
Due from developers	-	-	-	-
Total Assets	<u>\$ 1,705</u>	<u>\$ 2,249</u>	<u>\$ 2,238</u>	<u>\$ 1,716</u>
LIABILITIES				
Accounts payable	\$ 2	\$ 1,114	\$ 1,113	\$ 3
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	1,703	10	-	1,713
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 1,705</u>	<u>\$ 1,124</u>	<u>\$ 1,113</u>	<u>\$ 1,716</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 8 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
CFD-Great Park 2013-3				
ASSETS				
Cash and investments	\$ 23,671	\$ 37,261	\$ 36,580	\$ 24,352
Receivables, net of allowances:				
Taxes	579	508	579	508
Accounts	2,076	2,185	2,075	2,186
Accrued interest	63	158	63	158
Due from developers	-	50	50	-
Total Assets	<u>\$ 26,389</u>	<u>\$ 40,162</u>	<u>\$ 39,347</u>	<u>\$ 27,204</u>
LIABILITIES				
Accounts payable	\$ 12	\$ 12,874	\$ 12,824	\$ 62
Accrued liabilities	-	1	-	1
Due to other funds	-	88	-	88
Due to bondholders	24,302	788	175	24,915
Due to other governments	2,075	2,138	2,075	2,138
Total Liabilities	<u>\$ 26,389</u>	<u>\$ 15,889</u>	<u>\$ 15,074</u>	<u>\$ 27,204</u>
Inter-Agency Custodial Fund				
ASSETS				
Cash and investments	\$ 115	\$ 327	\$ 324	\$ 118
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 115</u>	<u>\$ 327</u>	<u>\$ 324</u>	<u>\$ 118</u>
LIABILITIES				
Accounts payable	\$ 8	\$ 158	\$ 166	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	-	-	-	-
Due to other governments	107	167	156	118
Total Liabilities	<u>\$ 115</u>	<u>\$ 325</u>	<u>\$ 322</u>	<u>\$ 118</u>
Total Agency Funds				
ASSETS				
Cash and investments	\$ 122,684	\$ 160,115	\$ 160,277	\$ 122,522
Receivables, net of allowances:				
Taxes	1,304	1,182	1,304	1,182
Accounts	2,102	2,356	2,272	2,186
Accrued interest	146	486	146	486
Due from developers	857	3,222	3,347	732
Total Assets	<u>\$ 127,093</u>	<u>\$ 167,361</u>	<u>\$ 167,346</u>	<u>\$ 127,108</u>
LIABILITIES				
Accounts payable	\$ 898	\$ 64,485	\$ 64,603	\$ 780
Accrued liabilities	9	6	9	6
Due to other funds	-	88	-	88
Due to bondholders	124,004	4,512	4,538	123,978
Due to other governments	2,182	2,305	2,231	2,256
Total Liabilities	<u>\$ 127,093</u>	<u>\$ 71,396</u>	<u>\$ 71,381</u>	<u>\$ 127,108</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
- 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
- Taxable Sales by Category
- 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)

	2018	2017	2016	2015
Governmental Activities				
Net investment in capital assets	\$ 1,745,962	\$ 1,601,315	\$ 1,566,452	\$ 1,517,272
Restricted	493,547	583,855	500,057	478,204
Unrestricted	442,116	433,617	434,395	416,521
Total Governmental Activities Net Position	<u>\$ 2,681,625</u>	<u>\$ 2,618,787</u>	<u>\$ 2,500,904</u>	<u>\$ 2,411,997</u>
 Primary Government				
Net investment in capital assets	\$ 1,745,962	\$ 1,601,315	\$ 1,566,452	\$ 1,517,272
Restricted	493,547	583,855	500,057	478,204
Unrestricted	442,116	433,617	434,395	416,521
Total Primary Government Net Position	<u>\$ 2,681,625</u>	<u>\$ 2,618,787</u>	<u>\$ 2,500,904</u>	<u>\$ 2,411,997</u>

Source: City Fiscal Services Division

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,541,807	\$ 1,575,361	\$ 1,537,181	\$ 1,523,430	\$ 1,488,021	\$ 1,459,815
404,305	320,962	287,906	294,596	349,681	375,082
351,248	362,179	384,731	287,840	244,927	294,354
<u>\$ 2,297,360</u>	<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>

\$ 1,541,807	\$ 1,575,361	\$ 1,537,181	\$ 1,523,430	\$ 1,488,021	\$ 1,459,815
404,305	320,962	287,906	294,596	349,681	375,082
351,248	362,179	384,731	287,840	244,927	294,354
<u>\$ 2,297,360</u>	<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>

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

	2018	2017	2016	2015
EXPENSES				
Governmental Activities				
General Government	\$ 46,151	\$ 36,411	\$ 29,152	\$ 24,558
Public Safety	77,266	71,836	63,878	59,266
Public Works	99,067	106,478	91,387	70,697
Community Services	46,104	40,231	37,152	39,119
Community Development ⁽¹⁾	31,993	34,743	27,943	24,278
Transportation ⁽¹⁾	3,408	-	-	-
Great Park ⁽²⁾	-	-	-	-
Interest on long-term debt	-	-	-	6
Unallocated infrastructure depreciation	58,997	55,529	51,423	49,647
Total Governmental Activities Expenses	\$ 362,986	\$ 345,228	\$ 300,935	\$ 267,571
PROGRAM REVENUES				
Governmental Activities				
Charges for services:				
General Government	\$ 9,805	\$ 12,259	\$ 11,336	\$ 4,566
Public Safety	2,870	2,984	2,968	4,395
Public Works	30,947	33,599	26,898	46,387
Community Services	15,230	13,526	12,611	19,362
Community Development ⁽¹⁾	25,296	29,367	27,545	19,414
Transportation ⁽¹⁾	227	-	-	-
Great Park ⁽²⁾	-	-	-	-
Operating grants and contributions	36,550	26,790	29,738	30,404
Capital grants and contributions	185,320	170,654	136,641	111,989
Total Governmental Activities Program Revenues	306,245	289,179	247,737	236,517
Total Net Revenues (Expenses)	\$ (56,741)	\$ (56,049)	\$ (53,198)	\$ (31,054)
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental Activities				
Taxes:				
Property tax ⁽³⁾	\$ 68,135	\$ 62,374	\$ 57,944	\$ 53,300
Sales taxes	62,834	61,617	62,120	58,725
Franchise taxes	14,243	14,022	14,669	14,100
Transient occupancy taxes	18,632	15,708	15,368	13,465
Document transfer taxes	4,631	3,957	3,762	3,554
Business license taxes	-	-	-	-
Unrestricted motor vehicle in-lieu	140	116	101	99
Gain on sale of assets	3,884	-	-	10,112
Investment revenue	4,441	2,500	5,779	5,243
Other revenue	214	184	825	118
Total General Revenues	177,154	160,478	160,568	158,716
Extraordinary gain (loss)	-	-	(7,781)	107,833
Special item	-	-	99	-
Changes in Net Position	\$ 120,413	\$ 104,429	\$ 99,688	\$ 235,495

(1) Transportation department established in fiscal year 2017-18.

(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.

2014	2013	2012	2011	2010	2009
\$ 32,863	\$ 28,141	\$ 54,380	\$ 20,267	\$ 23,199	\$ 20,495
62,745	59,284	57,563	57,091	57,891	57,693
63,897	70,423	59,037	58,702	59,666	55,070
22,980	29,944	35,806	33,006	26,715	32,284
39,689	20,575	20,694	21,747	25,447	32,453
-	-	-	-	-	-
16,812	59,621	16,398	14,747	17,593	13,235
16	20	26	68	14,803	14,111
48,367	46,693	44,770	42,778	41,026	38,928
<u>\$ 287,369</u>	<u>\$ 314,701</u>	<u>\$ 288,674</u>	<u>\$ 248,406</u>	<u>\$ 266,340</u>	<u>\$ 264,269</u>
\$ 1,984	\$ 560	\$ 1,741	\$ 462	\$ 7,354	\$ 681
4,548	4,471	3,172	3,460	4,163	4,273
18,321	13,847	7,210	10,465	12,057	10,856
15,375	14,326	9,070	9,069	9,219	10,896
30,129	14,410	15,788	17,579	6,896	4,828
-	-	-	-	-	-
3,292	4,233	3,212	2,946	3,521	3,384
31,661	32,664	23,693	16,570	9,644	15,702
76,751	145,897	36,104	71,731	31,707	52,238
<u>182,061</u>	<u>230,408</u>	<u>99,990</u>	<u>132,282</u>	<u>84,561</u>	<u>102,858</u>
<u>\$ (105,308)</u>	<u>\$ (84,293)</u>	<u>\$ (188,684)</u>	<u>\$ (116,124)</u>	<u>\$ (181,779)</u>	<u>\$ (161,411)</u>
\$ 49,524	\$ 46,659	\$ 47,862	\$ 48,370	\$ 50,791	\$ 54,168
56,499	51,596	48,972	48,694	42,209	49,732
13,690	12,505	12,163	12,099	11,223	11,704
11,664	11,256	8,489	8,294	7,306	7,768
2,911	2,404	1,426	1,536	1,626	996
-	-	905	911	-	-
98	115	108	981	628	715
144	129	563	64	62	165
15,632	7,740	7,982	4,786	20,492	7,325
93	1,448	250	27	179	20
<u>150,255</u>	<u>133,852</u>	<u>128,720</u>	<u>125,762</u>	<u>134,516</u>	<u>132,593</u>
(5,500)	163,916	-	-	-	-
-	-	-	-	-	-
<u>\$ 39,447</u>	<u>\$ 213,475</u>	<u>\$ (59,964)</u>	<u>\$ 9,638</u>	<u>\$ (47,263)</u>	<u>\$ (28,818)</u>

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

	2018 ⁽¹⁾	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾
GENERAL FUND				
Non Spendable	\$ 5	\$ -	\$ 87	\$ 7,617
Restricted	5,936	2,784	8,188	5,682
Committed	36,811	41,034	30,090	25,946
Assigned	72,601	79,242	77,713	63,790
Unassigned	9,788	3,912	12,163	23,867
Total General Fund	<u>\$ 125,141</u>	<u>\$ 126,972</u>	<u>\$ 128,241</u>	<u>\$ 126,902</u>
ALL OTHER GOVERNMENTAL FUNDS				
Non Spendable	\$ 499	\$ 518	\$ 526	\$ 496
Restricted	499,515	585,466	502,440	750,871
Committed	77,230	106,858	374,603	79,880
Assigned	305,023	269,151	2,899	5,256
Unassigned	(2,907)	(3,495)	(2,493)	(2,483)
Total All Other Governmental Funds	<u>\$ 879,360</u>	<u>\$ 958,498</u>	<u>\$ 877,975</u>	<u>\$ 834,020</u>
ALL GOVERNMENTAL FUNDS	<u>\$ 1,004,501</u>	<u>\$ 1,085,470</u>	<u>\$ 1,006,216</u>	<u>\$ 960,922</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

2014 ⁽¹⁾	2013 ⁽¹⁾	2012 ⁽¹⁾	2011 ⁽¹⁾	2010 ⁽¹⁾	2009 ⁽²⁾
\$ 8,033	\$ 7,987	\$ 7,736	\$ 7,816	\$ 7,054	
5,730	5,378	5,435	4,927	5,234	
18,904	16,538	16,033	7,863	15,938	
66,581	70,987	74,850	74,674	75,411	
8,666	11,105	7,878	13,474	312	
<u>\$ 107,914</u>	<u>\$ 111,995</u>	<u>\$ 111,932</u>	<u>\$ 108,754</u>	<u>\$ 103,949</u>	
\$ 586	\$ 136,400	\$ 136,178	\$ 175,116	\$ 136,584	
501,039	296,160	269,852	281,699	273,138	
50,195	63,194	82,706	148,216	185,655	
7,148	5,062	12,621	10,712	15,022	
-	(2,453)	(1,536)	(224,542)	(180,521)	
<u>\$ 558,968</u>	<u>\$ 498,363</u>	<u>\$ 499,821</u>	<u>\$ 391,201</u>	<u>\$ 429,878</u>	
<u>\$ 666,882</u>	<u>\$ 610,358</u>	<u>\$ 611,753</u>	<u>\$ 499,955</u>	<u>\$ 533,827</u>	
					2009
					\$ 9,427
					<u>100,769</u>
					<u>\$ 110,196</u>
					\$ 335,955
					127,296
					52,429
					<u>170</u>
					<u>\$ 515,850</u>
					<u>\$ 626,046</u>

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

	2018	2017	2016	2015
REVENUES				
Taxes				
Property taxes	\$ 68,135	\$ 62,374	\$ 67,060	\$ 53,300
Sales and use taxes	68,543	67,622	70,047	62,925
All other taxes	53,989	47,472	51,291	48,373
Licenses & permits	9,806	9,301	9,594	10,750
Fines & forfeitures	1,415	1,394	1,453	1,531
Investment income	4,453	2,941	7,098	4,216
Intergovernmental	7,583	9,870	14,317	11,663
Charges for services	34,226	39,332	36,023	33,673
Contributions from property owners-				
Special districts contributions	19,676	137,228	77,699	69,650
Revenue from developers	34,726	45,527	53,373	49,110
Special assessments	20,240	17,559	6,809	32,615
Donations	627	549	724	664
Other revenue	5,138	4,165	4,660	5,014
Total Revenues	<u>328,557</u>	<u>445,334</u>	<u>400,148</u>	<u>383,484</u>
EXPENDITURES				
Current:				
General Government	44,549	34,962	29,957	29,446
Public Safety	77,210	73,116	70,062	65,624
Public Works	51,149	53,331	60,261	50,841
Community Development	30,578	35,494	31,341	26,390
Community Services	44,912	40,618	39,673	35,920
Transportation ⁽¹⁾	3,398	-	-	-
Great Park ⁽²⁾	-	-	-	-
Street lighting	-	-	-	-
Capital Outlay	121,663	128,972	121,094	53,138
Debt Services:				
Principal retirement	-	-	-	-
Interest & fiscal charges	-	-	-	-
Administration	-	-	-	-
Total Expenditures	<u>373,459</u>	<u>366,493</u>	<u>352,388</u>	<u>261,359</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(44,902)</u>	<u>78,841</u>	<u>47,760</u>	<u>122,125</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term note	-	-	-	-
Proceeds from sale of property	4,027	21	125	14,224
Transfers in	46,581	71,162	55,454	47,426
Transfers out	(45,981)	(71,187)	(55,617)	(47,735)
Total Other Financing Sources (Uses)	<u>4,627</u>	<u>(4)</u>	<u>(38)</u>	<u>13,915</u>
EXTRAORDINARY GAIN (LOSS)				
Forgiveness of debts	-	-	-	-
Dissolution of redevelopment agency	-	-	-	-
Settlement agreement	-	-	(6,568)	158,000
Special item	-	-	99	158,000
Total Extraordinary Gain (Loss)	<u>-</u>	<u>-</u>	<u>(6,469)</u>	<u>316,000</u>
Net Change in Fund Balances	<u>\$ (40,275)</u>	<u>\$ 78,837</u>	<u>\$ 41,253</u>	<u>\$ 452,040</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES				
	0.0%	0.0%	0.0%	0.0%

(1) Transportation department established in fiscal year 2017-18.

(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

	2014	2013	2012	2011	2010	2009
\$	49,524	\$ 46,659	\$ 47,861	\$ 50,608	\$ 51,106	\$ 54,168
	59,385	54,663	52,566	48,487	42,209	49,732
	41,891	37,445	30,732	33,371	25,393	25,402
	7,401	6,865	6,091	6,122	4,395	4,592
	1,830	1,780	2,065	1,916	1,948	1,936
	4,496	(283)	4,146	10,488	10,845	23,089
	16,312	18,694	14,072	35,419	35,367	43,610
	31,834	27,702	24,057	33,496	34,405	34,202
	25,257	31,520	2,489	38,318	-	498
	59,124	53,469	16,539	7,641	336	1,103
	6,172	6,015	5,673	5,372	4,904	5,203
	915	655	572	574	791	537
	3,394	4,234	3,400	4,392	4,065	2,936
	<u>307,535</u>	<u>289,418</u>	<u>210,263</u>	<u>276,204</u>	<u>215,764</u>	<u>247,008</u>
	31,305	26,446	52,183	28,346	29,457	30,572
	63,130	60,211	56,264	55,586	56,165	56,404
	40,451	41,330	34,663	27,188	35,709	33,833
	25,839	23,321	22,873	27,234	25,888	33,985
	38,861	34,839	33,965	32,054	33,667	34,240
	-	-	-	-	-	-
	12,364	15,235	16,079	14,779	17,743	13,073
	-	-	6,403	6,892	5,658	6,226
	48,558	86,345	60,461	95,986	76,164	84,770
	-	-	-	8,260	7,525	6,990
	-	-	4,866	16,336	14,690	14,038
	-	-	-	11	43	75
	<u>260,508</u>	<u>287,727</u>	<u>287,757</u>	<u>312,672</u>	<u>302,709</u>	<u>314,206</u>
	<u>47,027</u>	<u>1,691</u>	<u>(77,494)</u>	<u>(36,468)</u>	<u>(86,945)</u>	<u>(67,198)</u>
	-	-	-	-	62	48
	46	40	1,125	322	-	-
	23,505	31,166	16,304	215,415	124,556	65,542
	<u>(23,408)</u>	<u>(33,417)</u>	<u>(16,309)</u>	<u>(213,141)</u>	<u>(113,586)</u>	<u>(64,308)</u>
	<u>143</u>	<u>(2,211)</u>	<u>1,120</u>	<u>2,596</u>	<u>11,032</u>	<u>1,282</u>
	-	-	25,823	-	-	-
	-	-	162,349	-	-	-
	(5,500)	-	-	-	-	-
	(5,500)	-	-	-	-	-
	<u>(11,000)</u>	<u>-</u>	<u>188,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>36,170</u>	<u>(520)</u>	<u>111,798</u>	<u>(33,872)</u>	<u>(75,913)</u>	<u>(65,916)</u>
	0.0%	0.0%	2.1%	11.4%	9.8%	9.2%

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⁾						
2018	\$ 67,957	\$ 178	\$ 68,543	\$ 14,883	\$ 13,217	\$ 4,631	\$ 21,258	\$ 190,667
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

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

Source: City 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	Unsecured	Assessed Value	Secured	Unsecured	Incremental Valuation	
2018	\$ 67,809,744	\$ 4,088,964	\$ 71,898,708	\$ 3,139,146	\$ (3,269)	\$ 3,135,877	0.02992%
2017	61,937,181	3,817,062	65,754,243	2,539,915	(1,237)	2,538,678	0.03180%
2016	57,124,817	3,787,877	60,912,694	1,770,656	(3,350)	1,767,306	0.03180%
2015	51,916,631	3,777,254	55,693,885	964,448	(2,996)	961,452	0.03229%
2014	47,393,124	3,609,124	51,002,248	611,004	(3,483)	607,521	0.03267%
2013	45,033,193	3,612,900	48,646,093	601,935	3,758	605,693	0.04014%
2012	43,706,257	3,429,975	47,136,232	634,613	6,549	641,162	0.04138%
2011	43,014,470	3,524,106	46,538,576	615,471	6,958	622,429	0.04144%
2010	43,656,457	3,555,544	47,212,001	598,070	4,229	602,299	0.04102%
2009	43,638,081	3,619,528	47,257,609	864,486	7,657	872,143	0.04667%

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.

Sources: HdL, Coren & Cone, MuniServices, LLC, Orange County Assessor

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

	2018 [*]	2017 ⁽¹⁾	2016 ⁽¹⁾	2015
Apparel stores	\$ *	\$ 218,728	\$ 222,412	\$ 210,020
General merchandise	*	385,098	404,982	411,544
Food stores	*	125,787	120,943	122,536
Eating & drinking places	*	776,070	724,466	669,075
Home furnishings & appliances	*	-	-	-
Building material & farm tools	*	143,658	137,627	121,412
Auto dealers & supplies	*	900,540	837,144	819,580
Service stations	*	247,127	235,122	264,856
Other retail stores	*	835,929	787,667	821,149
All other outlets	*	2,668,557	2,680,024	2,617,234
Total	\$ -	\$ 6,301,494	\$ 6,150,387	\$ 6,057,406
City Direct Sales Tax Rate	1.00%	1.00%	0.75% ⁽³⁾	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 2017-18 is unavailable at the present time.

Sources: California Department of Taxes and Fees Administration, State Board of Equalization, The HdL Companies

	2014	2013	2012	2011	2010	2009
\$	213,839	\$ 209,566	\$ 195,765	\$ 182,997	\$ 172,603	\$ 165,975
	370,563	333,813	290,142	295,272	278,703	313,425
	609,828	148,776	142,268	137,485	125,234	118,234
	151,152	563,941	520,632	471,740	445,344	437,188
	410,687	372,189	340,419	308,224	283,000	238,432
	106,565	95,815	90,901	83,541	73,915	70,540
	655,268	626,940	570,374	536,199	474,807	467,329
	277,156	276,639	268,934	230,887	197,404	182,025
	438,521	428,451	387,844	286,806	285,369	372,985
	1,766,788	1,600,281	1,628,911	1,585,799	1,472,038	1,574,474
\$	<u>5,000,367</u>	<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>
	0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾

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

Agency	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	0.02800	0.02800	0.17102	0.17102	0.41339	0.41339	0.41344	0.52028	0.52028	0.30414
Irvine Unified	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430
Rancho Santiago Community College	0.05088	0.03927	0.05039	0.05078	0.03334	0.03241	0.03146	0.03141	0.02735	0.02253
Saddleback Valley Unified	0.02365	0.02688	0.03008	0.02806	0.03207	0.03265	0.03163	0.03194	0.03043	0.02834
Santa Ana Unified	0.06327	0.06377	0.06604	0.06869	0.07359	0.07749	0.07147	0.07167	0.07388	0.03212
Tustin Unified General Fund	0.06873	0.07001	0.07751	0.06955	0.08912	0.06729	0.05586	0.05962	0.03797	0.03102
Total Direct and Overlapping Rates ⁽²⁾	<u>1.23803</u>	<u>1.23143</u>	<u>1.39854</u>	<u>1.39160</u>	<u>1.64501</u>	<u>1.62673</u>	<u>1.60756</u>	<u>1.71862</u>	<u>1.69421</u>	<u>1.42245</u>
City's Share of 1% Levy Per Prop 13 ⁽³⁾	0.03180	0.03180	0.03180	0.03180	0.03180	0.03180	0.01226	0.03180	0.03180	0.03180
Voter Approved City Debt Rate										
Redevelopment Rate ⁽⁴⁾	-	-	-	-	-	-	1.00370	1.00370	1.00430	1.00430
Total Direct Rates ⁽⁵⁾	0.03115	0.03157	0.03190	0.03229	0.03267	0.04014	0.04138	0.04144	0.04102	0.04667

(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	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Irvine Company	\$ 3,638,914,778	1	5.10%	\$ 5,821,467,360	1	13.41%
Irvine Apartment Communities	490,974,183	2	0.69%	685,510,229	3	1.58%
Allergan USA Inc	473,025,829	3	0.66%	226,830,858	8	0.52%
Jamboree Center LLC ⁽¹⁾	402,676,027	4	0.56%	-	-	-
Park Place Michelson LLC ⁽¹⁾	380,767,695	5	0.53%	-	-	-
B Braun Medical Inc	359,759,461	6	0.50%	245,502,575	7	0.57%
Heritage Fields El Toro	343,675,342	7	0.48%	597,913,835	4	1.38%
Calatlantic Group Inc ⁽¹⁾	318,302,991	8	0.45%	-	-	-
LBA IV-PPI LLC	313,541,491	9	0.44%	-	-	-
Hancock S-Reit Irvine Corporation	281,519,999	10	0.39%	-	-	-
Maguire Properties	-	-	-	1,009,079,060	2	2.32%
Central Park West	-	-	-	335,051,430	5	0.77%
Capital Research Company	-	-	-	251,950,402	6	0.58%
Lakeshore Properties LLC	-	-	-	178,315,468	9	0.41%
Century Centre LLC	-	-	-	146,428,093	10	0.34%
Totals	\$ 7,003,157,796		9.81%	\$ 9,498,049,310		21.87%

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
2018	\$ 85,775,306	\$ 84,940,559	99.03%	\$ 458,377	\$ 85,398,936	99.56%
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%

(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
2018	\$ -	\$ -	\$ -	0.00%	0.000%	0
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	0.01%	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

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

Sources: 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
2018	276	-	-	-	0.00%	-
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%	-

(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, 2018

2017-18 Assessed valuation: \$ 71,898,708,288

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total		City's Share of
	Debt 6/30/18	%Applicable ⁽¹⁾	Debt 6/30/18
Metropolitan Water District	\$ 60,600,000	2.624 %	\$ 1,590,144
Rancho Santiago Community College District	246,734,249	11.67	28,793,887
Rancho Santiago Community College District			
School Facilities Improvement District No. 1	121,395,000	22.253	27,014,029
Irvine Unified School Facilities Improvement District No. 1	95,000,000	97.02	92,169,000
Irvine Unified School District Community Facilities Districts	638,785,000	99.779-100	638,693,285
Saddleback Valley Unified School District	113,365,000	3.743	4,243,252
Santa Ana Unified School District	247,026,073	27.502	67,937,111
Santa Ana Unified School District Community Facilities District No. 2004-1	7,340,000	100	7,340,000
Tustin Unified School District School Facilities Improvement District No. 2002-1	45,094,043	9.039	4,076,051
Tustin Unified School District School Facilities Improvement District No. 2008-1	86,860,000	9.327	8,101,432
Tustin Unified School District School Facilities Improvement District No. 2012-1	45,410,000	22.999	10,443,846
Tustin Unified School District Community Facilities District No. 97-1	87,015,000	100	87,015,000
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	543,457,860	13.460-100.	360,649,214
City of Irvine Community Facilities District No. 2004-1	17,960,000	100	17,960,000
City of Irvine Community Facilities District No. 2005-2	14,635,000	100	14,635,000
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	135,055,000	100	135,055,000
City of Irvine 1915 Act Bonds	808,032,000	100	808,032,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			2,487,158,251
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 210,347,000	12.894 %	\$ 27,122,142
Orange County Pension Obligations	383,564,389	12.894	49,456,792
Orange County Board of Education Certificates of Participation	13,990,000	12.894	1,803,871
Orange Unified School District Certificates of Participation and Benefit Obligation	100,723,225	0.0001	101
Santa Ana Unified School District Certificates of Participation	69,817,854	27.502	19,201,306
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 97,584,212
TOTAL DIRECT DEBT			\$ -
OVERLAPPING DEBT			\$ 2,584,742,463
COMBINED TOTAL DEBT			\$ 2,584,742,463 ⁽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 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 3.46%

Ratios to Adjusted Assessed Valuation:

Total Direct Debt 0.00%

Net Combined Total Debt..... 3.59%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assessed valuation	\$ 71,898,708,288	\$ 65,754,243,380	\$ 60,912,693,965	\$ 55,693,885,275
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 17,974,677,072	\$ 16,438,560,845	\$ 15,228,173,491	\$ 13,923,471,319
Debit limit percentage	15%	15%	15%	15%
Debt limit	2,696,201,561	2,465,784,127	2,284,226,024	2,088,520,698
Total Net Debt Applicable to Limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 2,696,201,561</u>	<u>\$ 2,465,784,127</u>	<u>\$ 2,284,226,024</u>	<u>\$ 2,088,520,698</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.

Sources: California Municipal Statistics, Inc., HdL Coren & Cone, MuniServices, LLC

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 51,002,248,297	\$ 48,646,093,255	\$ 47,136,231,043	\$ 46,538,576,173	\$ 47,212,001,153	\$ 47,257,608,206
25%	25%	25%	25%	25%	25%
\$ 12,750,562,074	\$ 12,161,523,314	\$ 11,784,057,761	\$ 11,634,644,043	\$ 11,803,000,288	\$ 11,814,402,052
15%	15%	15%	15%	15%	15%
1,912,584,311	1,824,228,497	1,767,608,664	1,745,196,606	1,770,450,043	1,772,160,308
-	-	-	-	-	-
<u>\$ 1,912,584,311</u>	<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>
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) (6)}	Unemployment Rate ⁽⁵⁾
2018	276,176	\$ 12,272,130 ⁽³⁾	\$ 45,140	\$ 93,823	34.5	34,617 ⁽⁶⁾	3.3%
2017	267,086	12,840,224 ⁽³⁾	43,836	92,278	34.4	33,480 ⁽⁶⁾	2.9%
2016	258,386	10,946,242 ⁽³⁾	43,456	91,999	34.0	31,621 ⁽⁴⁾	3.3%
2015	250,384	10,593,508 ⁽³⁾	43,096	90,585	34.2	30,638 ⁽⁴⁾	3.2%
2014	242,651	9,595,168 ⁽³⁾	43,271	92,663	33.6	30,170 ⁽⁴⁾	3.9%
2013	231,117	8,174,011 ⁽³⁾	43,102	92,599	34.0	29,000 ⁽⁴⁾	4.6%
2012	223,729	8,886,628 ⁽³⁾	41,898	90,939	33.1	27,411 ⁽⁴⁾	6.0%
2011	219,156	8,481,794 ⁽³⁾	41,759	93,258	33.2	27,202 ⁽⁴⁾	6.9%
2010	217,686	8,090,372 ⁽²⁾	57,165	94,903	33.3	26,812 ⁽⁴⁾	7.4%
2009	212,541	8,723,320 ⁽²⁾	41,043	91,101	33.3	26,323 ⁽⁴⁾	7.0%

(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

(6) Ed-Data, partnership of the California Department of Education, EdSource and the Fiscal Crisis & Management Assistance Team/California School Information Services.

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

Employer	2018			2009		
	Number of Employees	Rank	Percentage of Employment	Number of Employees	Rank	Percentage of Employment
University of California Irvine	23,884	1	9.05%	18,284	1	8.11%
Irvine Unified School District	5,029	2	1.90%	2,571	2	1.14%
Mastec	4,000	3	1.52%	-		0.00%
Edwards Lifesciences LLC	2,987	4	1.13%	1,934	4	0.86%
Broadcom	2,604	5	0.99%	2,439	3	1.08%
Blizzard Entertainment Inc.	2,327	6	0.88%	-		-
Glidewell Laboratories	1,538	7	0.58%	-		-
B Braun Medical	1,370	8	0.52%	1,650	7	0.73%
Western Digital	1,300	9	0.49%	1,500	9	0.67%
Parker Hannifin Corporation	1,200	10	0.45%	-		-
Allergan	-		-	1,922	5	0.85%
New Century Mortgage Corporation	-		-	1,741	6	0.77%
St John Knits	-		-	1,619	8	0.72%
Capital Group Companies	-		-	1,077	10	0.48%

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Full-time	103.00	94.00	92.00	87.00	88.00	82.00	80.00	80.00	89.00	91.00
Part-time	12.01	14.61	14.61	15.92	12.53	9.28	8.60	9.06	10.40	25.65
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	322.00	319.00	308.00	304.00	298.00	290.00	290.00	291.00	295.00	295.00
Part-time	38.30	32.87	33.35	31.44	30.95	30.95	31.05	31.33	33.80	29.31
Non-hourly	49.00	46.00	44.00	42.00	39.40	32.40	32.40	30.40	30.40	30.40
Public Works										
Full-time	139.25	155.00	150.00	140.00	142.00	122.00	121.00	123.00	134.00	152.00
Part-time	5.24	5.24	6.50	6.00	4.30	1.75	1.75	3.50	4.00	5.88
Community Development										
Full-time	114.00	113.00	109.00	108.00	102.00	99.00	101.00	101.00	104.00	109.00
Part-time	3.30	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	6.00	11.00	11.00	11.00	11.00
Community Services										
Full-time	127.00	125.00	118.00	109.00	108.00	113.00	114.00	114.50	118.00	113.00
Part-time	274.77	262.33	250.44	212.95	197.69	196.63	185.11	177.54	178.20	194.63
Non-hourly	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Transportation										
Full-time	15.75	-	-	-	-	-	-	-	-	-
Part-time	-	-	-	-	-	-	-	-	-	-
Non-hourly	5.00	-	-	-	-	-	-	-	-	-
Great Park										
Full-time	-	-	-	-	-	30.00	33.00	29.50	23.00	23.00
Part-time	-	-	-	-	-	7.13	4.88	4.68	4.70	2.20
Non-hourly	-	-	-	-	-	5.00	9.00	9.00	39.00	39.00
Total	1,236.62	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

Note:

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

Transportation department was established in fiscal year 2017-18.

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police Safety										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	61	55	51	49	52	46	46	44	44	44
Fire stations ⁽¹⁾	12	12	12	11	11	11	11	11	11	9
Public Works										
Streets (miles)	2,002	1,985	1,973	1,931	1,922	1,879	1,851	1,827	1,735	1,733
Traffic signals	356	344	344	341	338	337	330	330	327	317
Streetscape (acres)	918	918	911	889	872	834	808	781	773	749
Open space/greenbelts (acres)	6,638	6,638	6,638	5,600	5,590	5,250	5,250	5,250	5,250	4,100
Bicycle trails (miles)	154	154	154	152	152	151	151	151	147	147
Off-street bicycle trails (miles)	65	62	62	59	57	54	54	45	44	43
Culture and Recreation										
Community athletic parks	20	20	19	19	19	19	18	18	18	13
Multi use centers	16	15	15	14	14	14	13	12	12	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	63	41	41	41	40	40	38	38	36	36
Swimming pools	3	3	3	3	4	4	4	4	4	4
Batting cages	14	14	14	14	14	14	14	14	14	14
Basketball courts	35	31	31	31	30	29	29	29	29	29
Racquetball/handball courts	14	14	14	14	14	14	14	14	10	10
Tennis courts	91	64	64	64	64	64	64	61	59	59
Volleyball courts	22	17	17	17	16	16	16	16	15	15

(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	2018	2017	2016	2015
General Government				
Checks/wire transfers	51,905	47,912	46,499	46,112
Number of purchase orders placed	2,324	2,151	2,146	1,681
Police				
Animal control service calls	8,635	8,741	9,975	9,741
Physical arrests	2,501	2,811	3,109	2,506
Parking citations	6,272	5,171	4,413	4,056
Traffic citations	18,848	20,151	19,641	21,266
Highways and Streets				
Arterial street resurfacing (centerline miles)	65	65	58	36
Arterial street sweeping (curb miles)	39,817	39,542	39,189	38,884
Community Development				
Building inspections completed	220,565	225,782	194,718	190,409
Building permits issued	15,924	15,165	14,187	13,577
Culture and Recreation				
Recreational & instructional classes offered	11,530	9,624	9,238	8,826
Recreational & instructional enrollees	136,857	108,711	101,252	95,618
Recreational & internet registrants for classes	58%	56%	56%	57%
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

2014	2013	2012	2011	2010	2009
44,607	45,105	44,672	44,422	47,252	47,918
1,936	1,953	2,316	2,211	2,172	2,065
10,580	10,664	10,309	8,639	8,510	8,669
2,774	2,824	2,802	2,579	2,819	2,846
4,824	6,934	4,702	4,793	6,639	6,830
23,541	23,221	26,395	19,426	29,707	26,325
40	47	44	17	41	30
38,449	38,401	38,300	38,204	38,204	37,940
160,718	151,835	127,964	87,563	63,363	98,538
12,635	12,029	10,201	10,582	8,030	8,132
8,890	8,151	8,203	7,671	7,546	6,845
99,811	90,027	81,271	71,853	70,998	65,153
50%	52%	54%	56%	56%	58%
NA	NA	NA	87,517	75,240	68,251
-	-	-	231	10	17
-	-	-	9	8	11
-	-	-	47	44	7

City of Irvine
Miscellaneous Statistical Information
June 30, 2018

<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 May 2018</u>	-	117,829
<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	-	178.6
Sports Field	-	167
<u>Educational Facilities and Services Excluded in the Reporting Entity</u>		
Education:		<u>Number</u>
Elementary Schools	-	26
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

Rich in both Irvine Ranch lore and nature's wonders, Bommer Canyon beckons walkers, hikers, and all other outdoor enthusiasts to stroll past ancient oak and sycamore groves and rough rock outcrops. Much like the City's Quail Hill Loop Trail, specific trails in this area are open daily for self-guided hikes from dawn to dusk; however, other areas within Bommer can only be accessed through guided programs and do require pre-registration. Monthly Wilderness Access Days are available to allow hikers and bikers the chance to explore the network of outstanding trails and views of the area. Visit letsgooutside.org for a list of upcoming events in Bommer Canyon.

The cover image for this year's report was submitted by Doug Stremel.

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.