

NEW ISSUE – BOOK-ENTRY

RATING

S&P: “AA-”

(See “CONCLUDING INFORMATION - Rating on the Bonds” herein)

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for the purpose of computing the federal alternative minimum tax. Interest payable on the Series B Bonds is subject to all applicable Federal income taxation. Interest on the Series A Bonds and the Series B Bonds is exempt from State of California personal income taxes. See “TAX MATTERS” herein.

**SUCCESSOR AGENCY TO THE COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**

\$38,740,000*
TAX ALLOCATION
REFUNDING PARITY BONDS,
2019 SERIES A

\$10,955,000*
TAXABLE TAX ALLOCATION
REFUNDING PARITY BONDS,
2019 SERIES B

Dated: Date of Delivery

Due: September 1 as shown on the inside cover pages

Proceeds from the sale of the Successor Agency to the Community Redevelopment Agency of the City of Buena Park (the “Successor Agency”) Tax Allocation Refunding Parity Bonds, 2019 Series A (the “Series A Bonds”), and Taxable Tax Allocation Refunding Parity Bonds, 2019 Series B (the “Series B Bonds,” and together with the Series A Bonds, the “Bonds”), will be used to refinance certain outstanding obligations of the former Community Redevelopment Agency of the City of Buena Park (the “Former Agency”).

The Bonds will be issued under an Indenture of Trust dated as of November 1, 2019 (the “Indenture”), by and between the Successor Agency and MUFJ Union Bank, N.A., as trustee (the “Trustee”). The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Former Agency’s Consolidated Redevelopment Project and a pledge of amounts in certain funds and accounts established under the Indenture (see “SECURITY FOR THE BONDS” and “RISK FACTORS”).

Interest on the Bonds is payable semiannually on each March 1 and September 1, commencing March 1, 2020, until maturity (see “THE BONDS - General Provisions” herein). The Series A Bonds are subject to optional redemption prior to maturity.

The Bonds do not constitute a debt or liability of the City of Buena Park, the County of Orange, the State of California or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Buena Park, the County of Orange, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

The cover page contains certain information for quick reference only. It is not a summary of the issues. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS” herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California. Certain legal matters will also be passed on for the Successor Agency by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel, and by the City Attorney, as Successor Agency Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Best Best & Krieger LLP, Riverside, California. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about November 13, 2019 (see “APPENDIX G - THE BOOK-ENTRY SYSTEM” herein).

The date of the Official Statement is _____, 2019.

STIFEL

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful under the securities laws of such jurisdiction.

**SUCCESSOR AGENCY TO THE COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK
\$38,740,000* TAX ALLOCATION REFUNDING PARITY BONDS, 2019 SERIES A**

MATURITY SCHEDULE

Maturity Date	Principal	Interest			CUSIP®†
<u>September 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>()</u>
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency, the Municipal Advisor or the Underwriter and are included solely for the convenience of the holders of the Bonds. None of the Successor Agency, the Municipal Advisor or the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**SUCCESSOR AGENCY TO THE COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK
\$10,955,000* TAXABLE TAX ALLOCATION REFUNDING PARITY BONDS, 2019 SERIES B**

MATURITY SCHEDULE

Maturity Date	Principal	Interest			CUSIP®†
<u>September 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>()</u>
2020					
2021					
2022					
2023					
2024					

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency, the Municipal Advisor or the Underwriter and are included solely for the convenience of the holders of the Bonds. None of the Successor Agency, the Municipal Advisor or the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (“Rule 15c2-12”), this Preliminary Official Statement constitutes an “official statement” of the City with respect to the Bonds that has been deemed “final” by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No Offering May Be Made Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Project Area since the date of this Official Statement.

Use of This Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds.

Preparation of This Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Successor Agency. All summaries of the Bonds, the Indenture and other documents, are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information. See “INTRODUCTION - Summary Not Definitive.”

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may overallocate or take other steps that stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover pages of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt From Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE SUCCESSOR AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Website. The City of Buena Park maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

**SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK
BUENA PARK, CALIFORNIA**

CITY COUNCIL AND SUCCESSOR AGENCY GOVERNING BOARD

Art Brown, *Mayor (District 4)*
Fred Smith, *Mayor Pro Tem (District 3)*
Sunny Youngsun Park, *Council Member (District 1)*
Elizabeth “Beth” Swift, *Council Member (District 2)*
Connor Traut, *Council Member (District 5)*

CITY STAFF

James B. Vanderpool, *City Manager*
Sung Hyun, *Director of Finance and Treasurer*
Joel Rosen, *Director of Community Development*
Ruben Lopez, *Economic Development Administrator*
Adria M. Jimenez, *City Clerk*

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Disclosure Counsel

Stradling Yocca Carlson & Rauth
a Professional Corporation
Newport Beach, California

City Attorney

Alvarez-Glasman & Colvin, Attorneys at Law
Industry, California

Municipal Advisor

Harrell & Company Advisors, LLC
Orange, California

Trustee and Escrow Bank

MUFG Union Bank, N.A.
Los Angeles, California

Verification Agent

Robert Thomas CPA, LLC
Overland Park, Kansas

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OFFICIAL STATEMENT

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

\$38,740,000*
TAX ALLOCATION
REFUNDING PARITY BONDS,
2019 SERIES A

\$10,955,000*
TAXABLE TAX ALLOCATION
REFUNDING PARITY BONDS,
2019 SERIES B

This Official Statement, which includes the cover page, inside cover pages and appendices (the “Official Statement”), is provided to furnish certain information concerning the sale of the Successor Agency to the Community Redevelopment Agency of the City of Buena Park Tax Allocation Refunding Parity Bonds, 2019 Series A (“Series A Bonds”) and Taxable Tax Allocation Refunding Parity Bonds, 2019 Series B (“Series B Bonds,” and together with the Series A Bonds, the “Bonds”).

INTRODUCTION

This Introduction contains only a brief description of this issue and does not purport to be complete. The Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision (see “RISK FACTORS” herein). For definitions of certain capitalized terms used herein and not otherwise defined, and the terms relating to the Bonds, see the summary included in “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

The Successor Agency and the Former Agency

The Former Agency was established in 1972 by the City Council (the “City Council”) of the City of Buena Park (the “City”) pursuant to the Community Redevelopment Law (the “Redevelopment Law”), constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the “State”). On June 29, 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted as Chapter 5, Statutes of 2011. As a result of AB X1 26 and the decision of the California Supreme Court in *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. 2011), as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012, and as further amended on September 22, 2015 by Senate Bill No. 107 (“SB 107”) enacted as Chapter 325, Statutes of 2015. The provisions of Part 1.85 as amended by AB 1484 and SB 107 are referred to in this Official Statement as the “Dissolution Act.” The Redevelopment Law, as amended by the Dissolution Act, is sometimes referred to herein as the “Law.”

* Preliminary, subject to change.

Pursuant to Section 34173 of the Dissolution Act, the City Council serves as the governing board of the successor agency to the Former Agency. Since the February 1, 2012 dissolution of the Former Agency, the City has served as the Successor Agency to the Community Redevelopment Agency of the City of Buena Park (the “Successor Agency”). The City Manager acts as the Successor Agency’s chief administrative officer (see “THE SUCCESSOR AGENCY” herein).

Section 34173(g) of the Dissolution Act expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City (see “THE SUCCESSOR AGENCY” herein).

The City

The City was incorporated in 1953. It encompasses over 10 square miles located at the northwest border of Orange County (the “County”), bordering Los Angeles County. It is 25 miles southeast of downtown Los Angeles. Neighboring communities include Anaheim, Cerritos, Cypress, Fullerton, La Mirada, and La Palma (see “APPENDIX C - CITY OF BUENA PARK INFORMATION STATEMENT” herein).

Authority and Purpose

The Bonds are being issued pursuant to the Constitution and laws of the State, including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “Refunding Law”), the Law and an Indenture of Trust dated as of November 1, 2019 (the “Indenture”), by and between the Successor Agency and MUFJ Union Bank, N.A., as trustee (the “Trustee”).

The Series A Bonds are being issued to refinance the Former Agency’s outstanding Consolidated Redevelopment Project 2003 Tax Allocation Refunding Bonds (the “2003 Bonds”) and Consolidated Redevelopment Project 2008 Tax Allocation Bonds, Series A (the “2008 A Bonds”). The Series B Bonds are being issued to refinance the Former Agency’s outstanding Consolidated Redevelopment Project 2008 Taxable Tax Allocation Bonds, Series B (the “2008 B Bonds”). The 2003 Bonds, the 2008 A Bonds and the 2008 B Bonds are sometimes collectively referred to herein as the “Prior Bonds.” See “THE FINANCING PLAN” herein.

Tax Allocation Financing Under the Dissolution Act

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never dropped below the base year level, the Taxing Agencies, as defined herein, thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

Under the Dissolution Act, moneys will be deposited from time to time in a Redevelopment Property Tax Trust Fund (the “Redevelopment Property Tax Trust Fund” or “RPTTF”) held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects. See “THE DISSOLUTION ACT” herein for additional information.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Pledged Tax Revenues, as defined herein, pledged to pay the Bonds consist of a portion of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act (see “Security for the Bonds” below).

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedules (see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions” and “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules”).

The Project Area

Through the merger of four separate redevelopment project areas, the City Council, on behalf of the Former Agency, created the Buena Park Consolidated Redevelopment Project, which is referred to herein as the “Redevelopment Project” or the “Project Area.” The Merged and Amended Redevelopment Plan for the Buena Park Consolidated Redevelopment Project that effected the merger of the Agency’s four constituent redevelopment project areas (each a “Constituent Project”, and collectively, the “Constituent Projects”) to form the Project Area was approved by Ordinance No. 1422 of the City adopted on May 7, 2002 and is referred to herein as the “Redevelopment Plan.” The four Constituent Projects are: (i) the Central Business District Redevelopment Project Area (the “CBD Project”), (ii) Project Area II (“Project Area II”), (iii) Buena Park Redevelopment Project Area III (“Project Area III”), and (iv) Buena Park Redevelopment Project Area IV (“Project Area IV”). The CBD Project is comprised of the original Central Business District Redevelopment Project and additional territories added pursuant to a subsequent amendment to the redevelopment plan for the CBD Project. See “THE PROJECT AREA” for additional information on the Project Area and “THE SUCCESSOR AGENCY” herein for additional information on the Redevelopment Plan.

Security for the Bonds

For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Tax Revenues. “Tax Revenues” are defined under the Indenture as taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and deposited in the Redevelopment Property Tax Trust Fund. By definition, Tax Revenues are net of the same amounts that were payable by the Former Agency pursuant to any existing Contractual Tax Sharing Agreements and amounts that were payable by the Former Agency as Statutory Tax Sharing as well as the County’s administrative costs allowed under Section 34182 of the Dissolution Act and Section 95.3 of the Revenue and Taxation Code. See “FINANCIAL INFORMATION - Property Taxation in California” and “Tax Sharing Agreements and Tax Sharing Statutes” herein.

The Successor Agency may issue refunding bonds payable from Tax Revenues on a parity with the Bonds (“Parity Debt”) to refinance the Bonds. See “SECURITY FOR THE BONDS - No Additional Debt Other Than Refunding Bonds” herein.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll of each Constituent Project of the Project Area, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund, as defined herein, on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency’s Recognized

Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. Moneys transferred by the County Auditor-Controller to the Successor Agency will be deposited into the Successor Agency's Redevelopment Obligation Retirement Fund amounts required for payment of debt service on the Bonds and will be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules" herein.

The Bonds do not constitute a debt or liability of the City, the County, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City, the County, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

Reserve Account Surety Policy

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account has been established by the Trustee under the Indenture. The Reserve Account will be funded by the purchase of a Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy") issued by Assured Guaranty Municipal Corp. ("AGM") in an amount equal to the Reserve Requirement as defined in the Indenture. See "SECURITY FOR THE BONDS - Reserve Account."

Legal Matters

All legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel ("Bond Counsel"). Such opinion, and certain tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, are described more fully under the heading "TAX MATTERS" herein. Certain legal matters will be passed on for the Successor Agency by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel, by the City Attorney, as General Counsel to the Successor Agency, and for the Underwriter by their Counsel, Best Best & Krieger LLP, Riverside, California.

Offering of the Bonds

Authority for Issuance. The Bonds are to be issued and secured pursuant to the Indenture, as authorized by Resolution No. SA-20 of the Successor Agency adopted on July 23, 2019, the Refunding Law and the Law. The Countywide Oversight Board (the "Oversight Board") approved the action taken by the Successor Agency to refinance the Prior Bonds on July 30, 2019. The State Department of Finance approved the Oversight Board action by letter dated September 27, 2019.

Offering and Delivery of the Bonds. The Bonds are being sold to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about November 13, 2019.

Summary Not Definitive

The summaries and references contained herein with respect to the Indenture, the Bonds and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of these documents may be obtained after delivery of the Bonds from the Successor Agency at 6650 Beach Boulevard, Buena Park, California 90622.

THE BONDS

General Provisions

Repayment of the Bonds. Interest on the Bonds is payable at the rates per annum set forth on the inside cover pages hereof. Interest on the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

Interest on the Bonds will be payable on March 1 and September 1 (each an “Interest Payment Date”), commencing March 1, 2020, and thereafter from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after the close of business on the 15th calendar day of the month preceding such Interest Payment Date (each, a “Record Date”) and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the date of delivery; *provided, however*, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds are authorized to be issued in denominations of \$5,000 or any integral multiple of \$5,000, and will be dated as of the date of their original delivery.

Transfer or Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture, upon surrender of such Bond for cancellation at the Principal Corporate Trust Office of the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds for like aggregate principal amount and of like maturity. The Trustee may require the payment by the Bondholder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The foregoing provisions regarding the transfer and exchange of the Bonds apply only if the book-entry system is discontinued. So long as the Bonds are in the book-entry system of The Depository Trust Company (“DTC”) as described below, the rules of DTC will apply for the transfer and exchange of Bonds.

Book-Entry System. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to DTC Participants, which will in turn remit such interest and principal to Beneficial Owners of the Bonds (see “APPENDIX G - THE BOOK-ENTRY SYSTEM” herein). As long as DTC is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Trustee will send any notices to Bond Owners only to DTC.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, if a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture. The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered as described in the Indenture.

Redemption

Optional Redemption of Series A Bonds. The Series A Bonds maturing on or before September 1, 2029 are not subject to redemption prior to their respective stated maturities. The Series A Bonds maturing on or after September 1, 2030 shall be subject to redemption in whole, or in part among maturities on such

basis as shall be designated in a Request of the Successor Agency filed with the Trustee, and in any case by lot within a maturity, on any date on or after September 1, 2029, at the option of the Successor Agency from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

No Optional Redemption of Series B Bonds. The Series B Bonds are not subject to redemption prior to maturity.

Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least 20 but not more than 60 days prior to the redemption date, to (i) to the Owners of any Series A Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Information Services; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Series A Bonds or the cessation of the accrual of interest thereon. Such notice shall require that such Series A Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Series A Bonds will not accrue from and after the redemption date.

So long as the book-entry system is used for the Series A Bonds, the Trustee will give any notice of redemption or any other notices required to be given to registered Owners of Series A Bonds only to DTC. Any failure of DTC to advise any Participant, or of any Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series A Bonds called for redemption or any other action premised on such notice. Beneficial Owners may desire to make arrangements with a Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners, and notification of all interest payments, will be forwarded in writing by such Participant.

The Successor Agency has the right to rescind any notice of the optional redemption of Series A Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series A Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Successor Agency and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Partial Redemption of Series A Bonds. In the event only a portion of any Series A Bond is called for redemption, then upon surrender of such Series A Bond the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Series A Bond or Series A Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Series A Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Series A Bonds so called for redemption shall have been duly deposited with the Trustee, such Series A Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Manner of Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Series A Bonds, the Trustee shall select the Series A Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, each Series A Bond will be deemed to consist of individual bonds of \$5,000 denominations each which may be separately redeemed.

Scheduled Debt Service on the Bonds

The following is the scheduled semi-annual and annual debt service on the Series A Bonds (assuming no early redemption).

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
March 1, 2020				
September 1, 2020				
March 1, 2021				
September 1, 2021				
March 1, 2022				
September 1, 2022				
March 1, 2023				
September 1, 2023				
March 1, 2024				
September 1, 2024				
March 1, 2025				
September 1, 2025				
March 1, 2026				
September 1, 2026				
March 1, 2027				
September 1, 2027				
March 1, 2028				
September 1, 2028				
March 1, 2029				
September 1, 2029				
March 1, 2030				
September 1, 2030				
March 1, 2031				
September 1, 2031				
March 1, 2032				
September 1, 2032				
March 1, 2033				
September 1, 2033				
March 1, 2034				
September 1, 2034				
March 1, 2035				
September 1, 2035				
Total				

The following is the scheduled semi-annual and annual debt service on the Series B Bonds.

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
March 1, 2020				
September 1, 2020				
March 1, 2021				
September 1, 2021				
March 1, 2022				
September 1, 2022				
March 1, 2023				
September 1, 2023				
March 1, 2024				
September 1, 2024				
Total				

THE FINANCING PLAN

The Refunding Plan

Redemption of Prior Bonds. On the Closing Date, a portion of the proceeds will be transferred to the Trustee as escrow bank (“Escrow Bank”) for deposit pursuant to an Escrow Agreement dated as of November 1, 2019 (the “Escrow Agreement”) between the Successor Agency and the Escrow Bank.

The amount deposited under the Escrow Agreement, together with other available moneys, will be invested in Federal Securities or held uninvested and irrevocably pledged for the payment of the related Prior Bonds on their respective date of redemption as follows:

- the \$7,405,000 outstanding 2003 Bonds will be redeemed in full on December 1, 2019, at a redemption price equal to 100% of the principal amount of the 2003 Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium,
- the \$44,875,000 outstanding 2008 A Bonds will be redeemed in full on December 1, 2019, at a redemption price equal to 100% of the principal amount of the 2008 A Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium, and
- principal and interest of the \$11,285,000 outstanding 2008 B Bonds will be paid when due, to and including their maturity of September 1, 2023.

Amounts so deposited under the Escrow Agreement will be pledged to the payment of principal and interest when due or to the payment of the redemption price of the Prior Bonds on the respective redemption dates and the sufficiency of the amounts deposited under the Escrow Agreement for such purpose will be verified by the Verification Agent as described below. The lien of the Prior Bonds will be discharged, terminated and of no further force and effect upon the deposit with the Escrow Bank of the amounts required pursuant to the Escrow Agreement.

The amounts held by the Escrow Bank for the respective Prior Bonds under the Escrow Agreement are pledged solely to the payment of amounts due and payable by the Successor Agency under the Escrow Agreement. The funds deposited under the Escrow Agreement will not be available for the payment of debt service on the Bonds.

Verifications of Mathematical Computations. Robert Thomas CPA, LLC will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the cash listed in the schedules prepared by the Municipal Advisor, to be held under the Escrow Agreement, will be sufficient to pay, when due, the principal, and interest requirements or redemption price of the Prior Bonds, and (2) the computation of yield on the Series A Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest with respect to the Series A Bonds is exempt from federal taxation.

Estimated Sources and Uses of Funds

Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and other available funds and will apply them as shown below.

	<u>Series A Bonds</u>	<u>Series B Bonds</u>
<u>Sources of Funds</u>		
Par Amount of Bonds		
Original Issue Premium		
Funds Held for the Prior Bonds		
Total Source of Funds		
<u>Uses of Funds</u>		
Transfer to Escrow Bank		
Underwriter’s Discount		
Costs of Issuance Fund ⁽¹⁾		
Total Use of Funds		

⁽¹⁾ Costs of issuance include fees and expenses of Bond Counsel, the Municipal Advisor, Disclosure Counsel, Verification Agent, Trustee and Escrow Bank, costs of printing the Official Statement, rating fee, premium for the Reserve Policy and other costs of issuance of the Bonds.

THE DISSOLUTION ACT

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedules (see “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules”).

The Dissolution Act further provides that bonds authorized by the Dissolution Act to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the

Redevelopment Law and Section 16 of Article XVI of the State Constitution. The Indenture does not expressly pledge any moneys deposited in the Redevelopment Property Tax Trust Fund to the payment of the Bonds other than those moneys generated from the Project Area.

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called “taxing agencies”) after the effective date of the ordinance approving the related Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the Project Area, if any, are to be divided as follows:

- (a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the Redevelopment Plan (the “base year valuation”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and
- (b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the Redevelopment Plan, following the date of issuance of the Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above. Pursuant to SB 107, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects, and programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. Within the Project Area, voters within the Metropolitan Water District (“MET”) approved debt service override tax rates, the revenues from which were pledged as security for the payment of debt service on the Prior Bonds. However, neither such overrides levied by MET nor any other overrides levied within the Project Area, are pledged to the payment of debt service on the Bonds.

SECURITY FOR THE BONDS

Tax Revenues

Pledged Tax Revenues. For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Tax Revenues. Tax Revenues are defined under the Indenture as amounts required to be deposited from time to time in the Redevelopment Property Tax Trust Fund in accordance with Section 34183(a)(2) of the Redevelopment Law, which amounts are derived from property tax revenues (formerly, tax increment) allocated with respect to the Project Area under Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California and as provided in the Redevelopment Plan including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, but not including amounts of such taxes which are required to be paid under the Contractual Tax Sharing Agreements or as Statutory Tax Sharing. By definition, Tax Revenues are net of the County's administrative costs allowed under Section 34182 of the Dissolution Act and Section 95.3 of the Revenue and Taxation Code.

See "Pledge of Tax Revenues" below and "FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes" herein.

Elimination of the 20% Housing Set-Aside. Revenues pledged to the Prior Bonds did not include amounts otherwise required to be deposited in the Former Agency's Low and Moderate Income Housing Fund (the "20% Housing Set-Aside"). The Dissolution Act eliminated the 20% Housing Set-Aside requirement and none of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund is designated as 20% Housing Set-Aside. In effect, after the Former Agency's dissolution, the Prior Bonds have been paid from Redevelopment Property Tax Trust Fund disbursements without any allocation of the 20% Housing Set-Aside, and Tax Revenues pledged to the Bonds include the former 20% Housing Set-Aside.

There is pending litigation at the State Court of Appeal against the Department of Finance and other parties asserting that the Successor Agency has an enforceable obligation to deposit certain amounts in the Former Agency's Low and Moderate Income Housing Fund, payable from amounts deposited in the Redevelopment Property Tax Trust Fund. See "FINANCIAL INFORMATION - Outstanding Indebtedness and Enforceable Obligations - 1993 Housing Fund Judgment" herein.

Redevelopment Property Tax Trust Fund

Deposits to the Redevelopment Property Tax Trust Fund. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

Disbursements From the Redevelopment Property Tax Trust Fund. The Redevelopment Law authorized redevelopment agencies to make payments to Taxing Agencies to alleviate any financial burden or detriments to such Taxing Agencies caused by a redevelopment project. The Former Agency entered into a number of agreements with the Taxing Agencies for this purpose ("Contractual Tax Sharing Agreements"). Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted on or after January 1, 1994 or amended after January 1, 1994 in a manner specified in such section (the "Statutory Tax Sharing"). The Successor Agency is also obligated to make certain Statutory Tax Sharing payments. See "FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes" herein).

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, a county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act:

- (i) first, subject to certain adjustments (as described below) for subordinations to the extent permitted under the Dissolution Act (if any, as described below under “FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes”) and no later than each January 2 and June 1, to each local taxing agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including the Contractual Tax Sharing Agreements and the Statutory Tax Sharing Amounts;
- (ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments (and amounts required to replenish the related reserve funds, if any) scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;
- (iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and
- (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity’s share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed under any Tax Sharing Agreements and Statutory Tax Sharing to the Taxing Agencies on each January 2 and June 1 before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency’s Redevelopment Obligation Retirement Fund, unless: (i) pass-through payment obligations have been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded to by the Successor Agency; (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the applicable January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency’s enforceable obligations, pass-through payments and the Successor Agency’s administrative cost allowance for the applicable Recognized Obligation Payment Schedule period; and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes.

If the requirements set forth in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed on the applicable January 2 or June 1 property tax distribution date (as adjusted for weekends and holidays). To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency’s enforceable obligations, pass-through payments and the Successor Agency’s administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable Recognized Obligation Payment Schedule period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under subordinated Contractual

Tax Sharing Agreements, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. Although the payment to the Buena Park Library District pursuant to their Contractual Tax Sharing Agreements with respect to Project II and Project III is subordinate to any bonds of the Successor Agency in accordance with the terms of such agreements, the Successor Agency has not pledged such subordinated amounts to the Bonds.

The Dissolution Act provides for a procedure by which the Successor Agency may make the payment of Statutory Tax Sharing Amounts subordinate to the Bonds. Except for Statutory Tax Sharing Amounts payable to the City, the Successor Agency had not previously undertaken proceedings to subordinate such payments to the Prior Bonds. The Successor Agency will not undertake any procedure to subordinate the Statutory Tax Sharing Amounts (including the City's share) to the Bonds, and therefore, Statutory Tax Sharing Amounts are not subordinate to the Bonds. See "FINANCIAL INFORMATION" for additional information regarding the Statutory Tax Sharing Amounts applicable to the Successor Agency and the revenues derived from the Project Area.

Recognized Obligation Payment Schedules

Enforceable Obligations. The Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund and from the city. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency"). The Successor Agency has covenanted to request such reserves as described below.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the former low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board). Other than amounts deposited in the Redevelopment Property Tax Trust Fund and amounts held in funds and accounts under the Indenture, the Successor Agency does not expect to have any other funds available to pay the Bonds.

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule.

Required Approvals. As provided in SB 107, the Recognized Obligation Payment Schedule, with respect to each fiscal year, and segregated into each six-month period beginning July 1 and January 1, must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Auditor-Controller, the State Department of Finance, and the State Controller by each February 1. For information

regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see “RISK FACTORS - Recognized Obligation Payment Schedule.”

Commencing on September 22, 2015, successor agencies that have received a Finding of Completion and the concurrence of the Department of Finance as to the items that qualify for payment, among other conditions, may at their option, file a “Last and Final” Recognized Obligation Payment Schedule. If approved by the Department of Finance, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the Department of Finance or the Oversight Board. The County Auditor-Controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid.

A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the Department of Finance and the County Auditor-Controller. The Successor Agency currently has no plans to file a Last and Final Recognized Obligation Payment Schedule but may do so in the future without the consent of any Bond Owner. However, AGM, as the provider of the Reserve Policy, may require consent to the final amendment to any Last and Final Recognized Obligation Payment Schedule in the event the Successor Agency requests the Department of Finance to approve a Last and Final Recognized Obligation Payment Schedule.

Determination of Available Funding. In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed, and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the State Department of Finance no later than April 1 and October 1 of each year, as applicable.

If, after receiving such estimate from the County Auditor-Controller, the Successor Agency determines and reports, no later than December 1 or May 1, as applicable, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, the Successor Agency’s enforceable obligations listed on the Recognized Obligation Payment Schedule, and the Successor Agency’s administrative cost allowance, the County Auditor-Controller must notify the State Controller and the State Department of Finance no later than 10 days from the date of the Successor Agency’s notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under “Redevelopment Property Tax Trust Fund” above.

Debt Service. In the Indenture, the Successor Agency covenants to comply with all of the requirements of the Dissolution Act, including taking all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules for each fiscal year so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all Tax Revenues as shall be required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds coming due in the related Bond Year, including any amounts due and owing to the Insurer in respect of the Reserve Policy or required to replenish the Reserve Account.

Pursuant to the Indenture, without limiting the generality of the foregoing covenant, the Successor Agency will take all actions required under the Dissolution Act to file a Recognized Obligation Payment Schedule by February 1 in each year, commencing February 1, 2020, in accordance with Section 34177(o) of the Redevelopment Law. For the semiannual period ending each June 30, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the following:

- (a) 100% of the amount of principal of and interest on the Bonds coming due and payable on the next succeeding March 1 and September 1;
- (b) any amount then required to replenish the full amount of the Reserve Requirement in the Reserve Account; and
- (c) any amount then required to make payments due to the Insurer in respect of the Reserve Policy.

For the semiannual period ending each December 31, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the following:

- (a) any remaining principal or interest due on the Bonds coming due and payable on the next succeeding September 1 and not reserved in the period ending June 30 (if any); and
- (b) reserves and amounts due to the Insurer as described under (c) above.

The foregoing actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and the Department of Finance, to the extent required, the amounts to be held by the Successor Agency as a reserve for the timely payment of principal of and interest on the Bonds coming due in the succeeding fiscal year. See “Recognized Obligation Payment Schedules” above and “RISK FACTORS - Recognized Obligation Payment Schedule.”

The Successor Agency further agrees (a) to the extent permitted by law, to amend any Recognized Obligation Payment Schedule filing for any period during which amounts owed to the Insurer are not included on such Recognized Obligation Payment Schedule filing, and (b) not to submit the final amendment permitted for its Last and Final Recognized Obligation Payment Schedule under the Dissolution Act without the prior written consent of the Insurer.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period (or otherwise) to pay the principal of and interest on the Bonds. See “RISK FACTORS.”

Pledge of Tax Revenues

The Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, including all of the Tax Revenues in the Redevelopment Property Tax Trust Fund, net of payments under Contractual Tax Sharing Agreements or the Statutory Tax Sharing Amounts and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Successor Agency’s Recognized Obligation Retirement Fund and the Debt Service Fund, the Interest Account, the Principal Account, and the Redemption Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

The Successor Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Law which the Successor Agency shall continue to hold and maintain so long as any of the Bonds are Outstanding.

The Successor Agency shall deposit all of the Tax Revenues received into the Redevelopment Obligation Retirement Fund immediately upon receipt thereof. In addition to the transfers required with respect to payments of the principal of and interest on Parity Debt, the Successor Agency shall within five Business Days thereafter transfer such Tax Revenues from the Redevelopment Obligation Retirement Fund to the

Trustee to pay debt service on the Bonds coming due in the then current Bond Year. All Tax Revenues received by the Successor Agency in excess of the amount needed to pay debt service on the Bonds and any Parity Debt in the then current Bond Year and except as may be provided to the contrary in the Indenture or indenture relating to any Parity Debt, shall be released from the pledge and lien of the Indenture and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any subordinate debt. Prior to the payment in full of the principal of and interest on the Bonds and the payment in full of all other amounts payable under the Indenture and under any supplemental indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any supplemental indenture.

Also see “No Additional Debt Other Than Refunding Bonds” below.

The Tax Revenues are pledged to the payment of principal of and interest on the Bonds pursuant to the Indenture until the Bonds have been paid, or until moneys have been set-aside irrevocably for that purpose. The Trustee will covenant to exercise such rights and remedies as may be necessary to enforce the payment of the Tax Revenues when due under the Indenture, and otherwise to protect the interests of the Bondholders in the event of default by the Successor Agency.

The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City, the County, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City, the County, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

The State Legislature has amended the Dissolution Act several times. The Successor Agency expects, but cannot guarantee, that the processes for funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administering of the Tax Revenues in accordance with the Indenture and will effectively result in adequate Tax Revenues for the timely payment of principal of and interest on the Bonds when due.

Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues

The Successor Agency has established a Redevelopment Obligation Retirement Fund in accordance with the Dissolution Act. The Successor Agency shall deposit all of the Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts on deposit equal the aggregate amounts required to be transferred to the Trustee in such Bond Year pursuant to the Indenture (generally being the amount required to pay debt service in such Bond Year on the Bonds, and Parity Debt, if any).

If the amount of Tax Revenues available in such Bond Year is insufficient to deposit the full amount required to be deposited, the Trustee shall apply such amounts to debt service, ratably based on the full amounts required to be deposited without preference or priority for series as further described in “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default and Remedies.”

All Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to be transferred to the Trustee during such Bond Year shall be released from the pledge and lien of the Indenture for the security of the Bonds and shall be applied by the Successor Agency for any lawful purposes of the Successor Agency. However, Tax Revenues shall not be released from the pledge and lien which secures the Bonds unless no amounts are then due and owing to the Insurer in respect of the Reserve Policy.

Reserve Account

A Reserve Account has been established under the Indenture to be held by the Trustee to further secure the timely payment of principal of and interest on the Bonds. The Successor Agency must maintain a balance in the Reserve Account equal to \$ _____ (the "Reserve Requirement"), being the lesser of maximum annual debt service, 10% of the par amount of the Bonds or 125% of average annual debt service, determined as of the Closing Date.

The Indenture provides that in lieu of a cash deposit, the Successor Agency will satisfy of the Reserve Requirement by deposit of the Reserve Policy in the Reserve Account. The Reserve Policy will be issued by AGM in the face amount of \$ _____.

If the Successor Agency fails to deposit with the Trustee the full amount required by the Indenture to pay principal and interest due on the Bonds when due on any date, the Trustee will draw on the Reserve Policy the difference between the amount required to be on deposit and the amount available on such date, subject to the Reserve Policy limit.

The Reserve Policy secures only the Bonds, and will not secure any other series of Parity Debt that may be issued under the Indenture (see "No Additional Debt Other Than Refunding Bonds" below).

The Successor Agency is not required under the Indenture to replace the Reserve Policy with cash or a replacement instrument in the event the ratings of AGM decline or are withdrawn, or in the event AGM experiences financial difficulties of any nature or fails to make a payment under the Reserve Policy when due.

No Additional Debt Other Than Refunding Bonds

So long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only as provided in the Indenture. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior to the pledge and lien created for the benefit of the Bonds; provided, that the Successor Agency (a) may issue and sell refunding bonds as Parity Debt payable from Tax Revenues on a parity with Outstanding Bonds (as determined by the Successor Agency, in its sole discretion) to refund a portion of the Outstanding Bonds, provided further that, with respect to any such refunding (i) annual debt service on such Parity Debt is lower than annual debt service on the obligations being refunded during every year the obligations would otherwise be outstanding and (ii) the final maturity of any such Parity Debt does not exceed the final maturity of the obligations being refunded.

THE SUCCESSOR AGENCY

As described in “INTRODUCTION,” the Former Agency was dissolved as of February 1, 2012 pursuant to the Dissolution Act. Thereafter, the City became the Successor Agency and the City Council serves as the governing board of the Successor Agency.

Section 34173(g) of the Dissolution Act expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The City performs certain general administrative functions for the Successor Agency. The City Manager serves as the Successor Agency’s chief administrative officer, the City Clerk serves as the Successor Agency secretary and the City’s Treasurer serves as the Successor Agency treasurer. The costs of such functions, as well as additional services performed by City staff are allocated annually to the Successor Agency, within certain limitations established by the Dissolution Act. Such reimbursement is subordinate to payment on any outstanding bonds of the Successor Agency.

Successor Agency Powers

All powers of the Successor Agency are vested in its members, who are the elected members of the City Council. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by the Oversight Board, as well as review by the State Department of Finance.

Section 34179.5 of the Dissolution Act established a due diligence review process for determining the unobligated balances that redevelopment agencies had available as of June 30, 2012 to remit to their respective county auditor-controllers for distribution to affected Taxing Agencies within project areas of the former redevelopment agencies. The Successor Agency has remitted to the County Auditor-Controller all of the unobligated balances as determined by the State Department Finance. On April 26, 2013, the Successor Agency received its Finding of Completion from the State Department of Finance. Receipt of the Finding of Completion allows the Successor Agency to do several things, among them, developing a plan for the disposition of any properties held by the Successor Agency and spending proceeds of bonds issued prior to December 31, 2010, all requiring approval of the Oversight Board.

After receiving the finding of completion, each successor agency was required to submit a Long Range Property Management Plan (a “Long Range Property Management Plan”) detailing what it intends to do with its inventory of properties. Successor agencies were not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fulfill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies with the State Department of Finance within six months of receiving a finding of completion. The State Department of Finance approved the Successor Agency’s Long Range Property Management Plan on April 23, 2015. The Successor Agency has disposed of all property held at the time of dissolution.

Redevelopment Plan

The City Council adopted the Redevelopment Plan for the Project Area on May 7, 2002. The Redevelopment Plan provided for a merger of the four Constituent Projects.

SB 107 Effects on Plan Limits

Under prior law, a redevelopment plan was required to specify certain limits (commonly referred to as “Plan Limits”) with respect to the relevant project area (or component of the project area). Such Plan Limits specify, among other matters, the maximum amount of dollars that the redevelopment agency may receive as tax increment. For reference, the table below sets forth some of the original Plan Limits for the Constituent Projects.

<u>Constituent Project</u>	<u>Maximum Tax Increment Revenues</u>	<u>Plan Expiration Date</u>	<u>Last Date to Incur Debt</u>	<u>Last Date to Collect Tax Increment</u>
CBD Project and Amendment	\$250,000,000	Dec. 3, 2022/ Nov. 16, 2024	None	Dec. 3, 2032/ Nov. 16, 2034
Project Area II	\$150,000,000	Oct. 1, 2027	None	Oct. 1, 2037
Project Area III	\$405,000,000	July 9, 2031	None	July 9, 2041
Project Area IV	None ⁽¹⁾	May 7, 2033	May 7, 2022	May 7, 2048

⁽¹⁾ As a post-1994 redevelopment project, the Project Area IV was not required to have a limit on total tax increment revenue.

The Redevelopment Plan also established a total bonded indebtedness limit for the Project Area of \$380,000,000.

SB 107, which was enacted in September 2015, contains provisions (the “SB 107 Plan Limits Provisions”) which generally provide that, for the purpose of paying enforceable obligations (as such term is defined by the Dissolution Act), such as the Bonds, the Successor Agency is no longer subject to the Plan Limits. In contrast, for all other purposes, including pass-through payments to taxing entities (which are not “enforceable obligations” because they are now paid not by the Successor Agency but by the County Auditor-Controller directly from Redevelopment Property Tax Trust Fund disbursements), the County Auditor-Controller has confirmed that it will continue to recognize the Plan Limits (whether they apply to a Constituent Project or the Project Area). As a matter of practical implementation of the SB 107 Plan Limits Provisions, the County Auditor-Controller will deposit into the Redevelopment Property Tax Trust Fund an amount of property tax revenues derived from a Constituent Project or the Project Area above the Plan Limits only in a situation where there would not be sufficient moneys in the Redevelopment Property Tax Trust Fund to make payments on outstanding enforceable obligations.

Based on the current projections, the Successor Agency expects that the Plan Limit on Tax Increment Revenues for the CBD Project and CBD Project Amendment Area will be reached by 2027 and the Plan Limit on Tax Increment Revenues for Project Area II will be reached by 2033, both prior to the maturity date of the Bonds. Because the remaining Redevelopment Property Tax Trust Fund deposits from Project Area III and Project Area IV are anticipated to be greater than total payments for enforceable obligations (including the debt service payments the Bonds), the Successor Agency expects the County Auditor Controller will not need to make deposits into the Redevelopment Property Tax Trust Fund from the CBD Project, the CBD Project Amendment Area and Project Area II once the original Plan Limits for those Constituent Projects have been reached. The projections of Tax Revenues take these limitations into account.

THE PROJECT AREA

Description of the Project Area

The Project Area is comprised of four Constituent Projects: the CBD Project, including the CBD Project Amendment Area, Project Area II, Project Area III and Project Area IV.

CONSTITUENT PROJECT INFORMATION

<u>Redevelopment Project</u>	<u>Year Adopted</u>	<u>Acreage</u>	<u>Primary Land Uses</u>
CBD Project	1979	208	Commercial
CBD Project Amendment Area	1981	300	Commercial/Residential
Project Area II	1984	311	Commercial/Residential
Project Area III	1990	200	Commercial/Residential
Project Area IV	2002	<u>2,921</u>	Residential/Industrial
		3,940	

The CBD Project consists of a 208 acre commercial corridor bordering the Interstate 5 Freeway. This freeway is a major north-south transportation corridor connecting southern California with the central valley. The CBD Project Amendment Area added approximately 300 acres of underdeveloped or underutilized commercial and industrial properties throughout the City.

Project Area II is 311 acres and includes a portion of the City's Entertainment Corridor (referred to as the E-Zone), as well as residential infill projects and other neighborhood commercial areas throughout the City.






Project Area III consists of 200 acres of commercial and residential uses in five non-contiguous areas throughout the City.

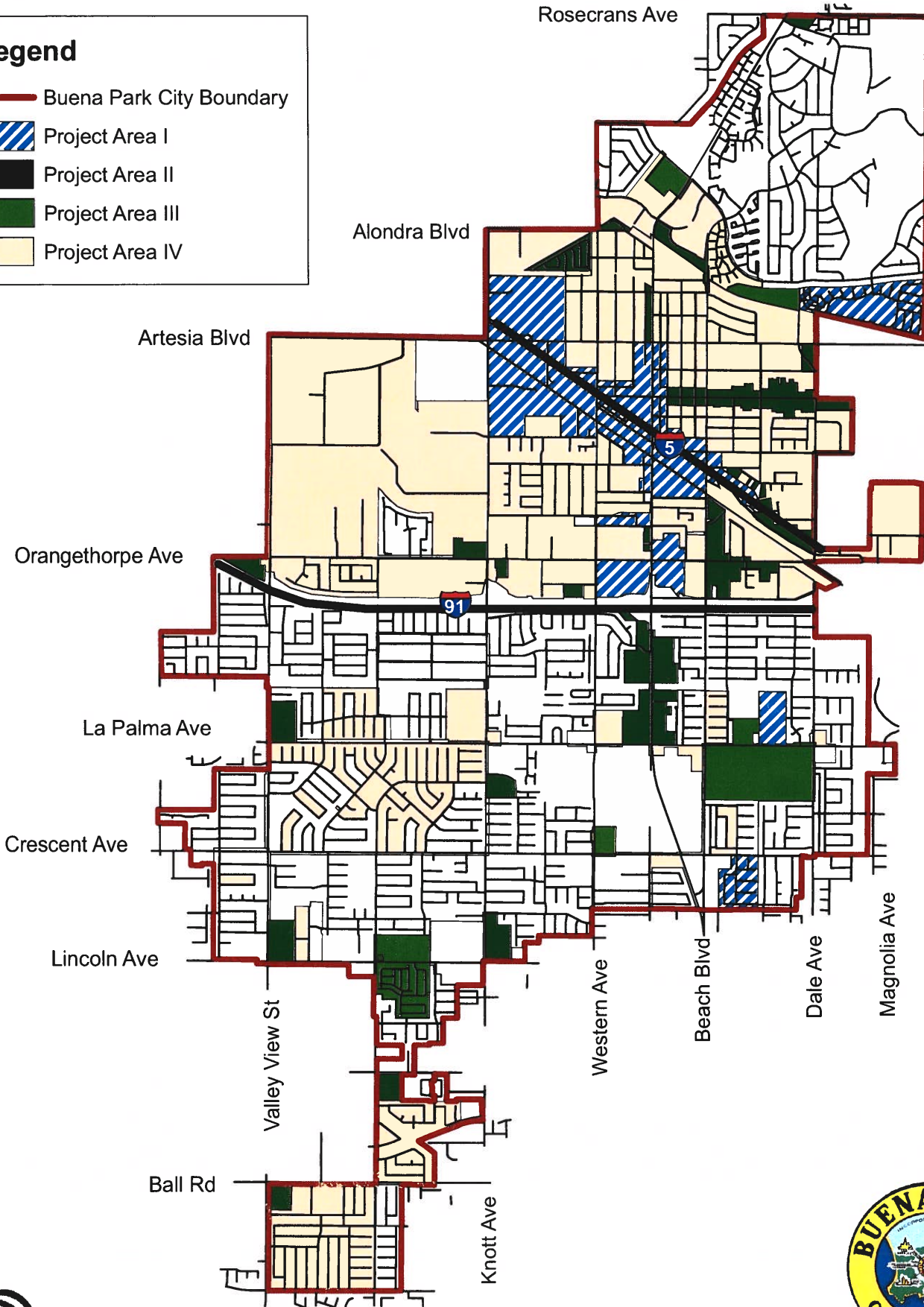
Project Area IV is developed with over 2,900 acres of mixed uses. The area contains several commercial properties and the primary industrial section of the City. The area also includes a majority of the residential property north of the 91 Freeway, encompassing approximately 10,000 older residential units.

The map on the following page depicts the location and boundaries of the Constituent Projects.

Amendment 2007 Consolidated Project Area Map

Legend

-  Buena Park City Boundary
-  Project Area I
-  Project Area II
-  Project Area III
-  Project Area IV



Larger developments in the Project Area include:

- The Source lifestyle and entertainment center is located in the CBD Project Amendment Area on approximately 12.5 acres. The first phase of 428,000 square feet of retail shops, movie theater, restaurants, entertainment uses and parking structures was recently completed, in addition to a 7-story office building. A 178-room Hilton Hotel will complete the center's development. The hotel is under construction and is anticipated to open in early 2020.
- Buena Park Downtown, a 1.1 million square foot retail complex located primarily in Project Area III and comprised of the Buena Park Mall, Park Central Entertainment Center and Buena Park Place.
 - The Buena Park Mall, containing approximately 530,000 square feet of retail space on 29 acres, is adjacent to other anchor tenants Sears and Wal-Mart and the Park Central Entertainment Center.
 - The Park Central Entertainment Center is a 137,000 square foot open-air entertainment center anchored by an 18-screen Krikorian Metroplex Theatres and features a variety of restaurants and in-line retail shops. A new 15,905 square foot food hall with outdoor dining and live entertainment will be opening by the end of 2019.
 - Buena Park Place, a retail center including Kohl's, Michael's, PetSmart, Aldi, Ulta Beauty, Planet Fitness and a variety of restaurant chains, spans both the CBD Project and Project Area III, is located directly across the street from the Buena Park Mall. The center contains over 275,000 square feet of leasable space on 21 acres.
- The Entertainment Zone is approximately one mile in length, extending from Knott's Berry Farm, a major southern California amusement park, to the 91 Freeway. Knott's Berry Farm and Soak City Water Park are not located within the Project Area, but most of the surrounding Entertainment Zone businesses are. These attractions include Medieval Times, Pirates Dinner & Adventure dinner theater, Rock & Brew, Porto's Bakery & Cafe and The Source. Hotels includes Holiday Inn, Radisson Hotel and Courtyard by Marriott. Other development includes a variety of other motor inns, restaurants and retail establishments. Anticipated new development in the Entertainment Zone includes:
 - Hotel Stanford, a ten-story, 191-guest room hotel with indoor pool, fitness center, restaurant and rooftop bar/brewery. Construction is scheduled to begin in December 2019, and estimated completion is 2022.
 - Aloft Hotel, a five-story hotel with 149 guest rooms, two restaurants with outdoor dining, and conference/banquet space. Construction is scheduled to begin in January 2020 with an estimated completion date of 2022.
 - Butterfly Palladium a 53,000 square foot butterfly and nature habitat entertainment and educational facility with a full-service restaurant. The project is under construction with an estimated completion in 2021.
- The Buena Park Auto Center includes Carmax, Honda, Toyota, House of Imports, Mercedes, Buick/GMC, Nissan, Chevrolet, Ford, Chrysler/Dodge/Jeep/RAM, Tesla and BMW. It is developed along Interstate 5 and spans both the CBD Project and Project Area II.
- The largest industrial uses, which include manufacturing and distribution facilities, are operated or owned by PRI Buena Park Industrial California Alticor, Pepsi Bottling, Tawa Supermarket, Exemplis, Amazon and Centerpoint Properties.

- PRI Buena Park Industrial California owns the Commerce Centre at Buena Park located in Project Area IV. This property contains over 1,200,000 square feet of warehouse and manufacturing space on 61 acres.
- Alticor, parent company of Amway and Nutrilite, owns 135,000 square feet of manufacturing, distribution and office space. The facilities span both Project Area IV and Project Area II, with the main office space located in Project Area IV. They own an additional 80,000 square feet of R&D and office space for Nutrilite, together with two adjacent parking structures on site.
- Centerpoint Properties purchased J.C. Penney's large distribution center located in Project Area IV in 2017 and leased it back to them during 2018. The facility is over 1 million square feet, located on approximately 42 acres. The facility is not currently leased, however, CenterPoint Properties is currently making tenant improvements to the facilities, including adding loading docks as well undertaking exterior façade improvements and landscaping. Centerpoint Properties also owns an adjacent 5 story office building leased to multiple tenants.

Recent and anticipated housing developments include:

- Clark Commons by Jamboree Housing is a 70-unit affordable rental housing complex with 1, 2 & 3 bedroom units located in Project Area II. The complex was completed in 2016.
- The Parker Collection is a 128-unit townhome development with market rate and 26 affordable ownership units also located in Project Area II. The development was completed in 2017.
- Stratapointe is a 149-unit townhome development located in the CBD Project. The development was completed in 2018.
- The Olson Co. completed a 54-unit condominium development on a 2.7 acre site in Project Area II and is constructing an additional 54-unit condominium development on a 2.33-acre in Project Area III. The new units are expected to be completed in 2020.

Assessed Valuations and Tax Revenues

A history of total assessed value for the Project Area since 2007-08 is shown in Table No. 1 below.

**TABLE NO. 1
THE PROJECT AREA
HISTORICAL ASSESSED VALUATIONS**

<u>Tax Year</u>	<u>Assessed Value ⁽¹⁾</u>	<u>Change</u>
2007-08	\$4,523,261,179	
2008-09	4,752,505,113	5.1%
2009-10	4,696,391,952	(1.2)%
2010-11	4,709,163,857	0.3%
2011-12	4,698,664,448	(0.2)%
2012-13	4,769,938,681	1.5%
2013-14	4,908,001,047	2.9%
2014-15	5,140,363,349	4.7%
2015-16	5,425,535,693	5.5%
2016-17	5,729,315,507	5.6%
2017-18	6,105,037,408	6.6%
2018-19	6,659,186,340	9.1%
2019-20	6,977,983,385	5.1%

⁽¹⁾ Based on the August 20 equalized roll.

Source: Orange County Auditor-Controller.

Base year assessed value and total assessed value of the Constituent Projects between Fiscal Years 2015-16 and 2019-20 are shown in the tables below.

**TABLE NO. 2
CBD PROJECT
HISTORICAL ASSESSED VALUATIONS**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured ⁽¹⁾	\$192,521,238	\$203,573,515	\$202,473,838	\$211,402,648	\$225,447,062
Unsecured ⁽¹⁾	<u>18,628,590</u>	<u>15,677,517</u>	<u>24,204,278</u>	<u>30,444,521</u>	<u>27,315,929</u>
Total	211,149,828	219,251,032	226,678,116	241,847,169	252,762,991
Less: Base year ⁽²⁾	<u>(18,651,799)</u>	<u>(18,573,159)</u>	<u>(18,301,879)</u>	<u>(18,584,706)</u>	<u>(18,886,986)</u>
Incremental Increase	\$192,498,029	\$200,677,873	\$208,376,237	\$223,262,463	\$233,876,005

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. 3
CBD PROJECT AMENDMENT AREA
HISTORICAL ASSESSED VALUATIONS**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured ⁽¹⁾	\$600,181,411	\$673,451,675	\$718,820,066	\$796,073,968	\$858,170,952
Unsecured ⁽¹⁾	<u>23,867,773</u>	<u>21,092,142</u>	<u>21,350,062</u>	<u>34,787,997</u>	<u>45,177,133</u>
Total	624,049,184	694,543,817	740,170,128	830,861,965	903,348,085
Less: Base year ⁽²⁾	<u>(65,367,335)</u>	<u>(65,367,335)</u>	<u>(65,351,469)</u>	<u>(65,351,469)</u>	<u>(65,351,469)</u>
Incremental Increase	\$558,681,849	\$629,176,482	\$674,818,659	\$765,510,496	\$837,996,616

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. 4
PROJECT AREA II
HISTORICAL ASSESSED VALUATIONS**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured ⁽¹⁾	\$436,508,897	\$485,322,051	\$593,552,063 ⁽³⁾	\$605,535,395	\$634,814,984
Unsecured ⁽¹⁾	<u>50,539,656</u>	<u>45,776,582</u>	<u>45,161,987</u>	<u>45,597,741</u>	<u>47,255,628</u>
Total	487,048,553	531,098,633	638,714,050	651,133,136	682,070,612
Less: Base year ⁽²⁾	<u>(99,134,408)</u>	<u>(99,156,746)</u>	<u>(106,562,642)</u>	<u>(106,562,642)</u>	<u>(106,562,642)</u>
Incremental Increase	\$387,914,145	\$431,941,887	\$532,151,408	\$544,570,494	\$575,507,970

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

⁽³⁾ Increase resulting from completion of affordable housing project and 128 market rate townhomes.

Source: Orange County Auditor-Controller.

**TABLE NO. 5
PROJECT AREA III
HISTORICAL ASSESSED VALUATIONS**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured ⁽¹⁾	\$371,553,313	\$405,124,638	\$415,353,629	\$424,793,269	\$425,594,504
Unsecured ⁽¹⁾	<u>24,147,941</u>	<u>27,329,063</u>	<u>21,392,121</u>	<u>21,363,957</u>	<u>22,630,098</u>
Total	395,701,254	432,453,701	436,745,750	446,157,226	448,224,602
Less: Base year ⁽²⁾	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>
Incremental Increase	\$306,560,003	\$343,312,450	\$347,604,499	\$357,015,975	\$359,083,351

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. 6
PROJECT AREA IV
HISTORICAL ASSESSED VALUATIONS**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured ⁽¹⁾	\$3,471,061,972	\$3,626,325,196	\$3,847,295,066	\$4,233,005,874	\$4,441,237,833
Unsecured ⁽¹⁾	<u>236,524,902</u>	<u>225,643,128</u>	<u>215,434,298</u>	<u>256,180,970</u>	<u>250,339,262</u>
Total	3,707,586,874	3,851,968,324	4,062,729,364	4,489,186,844	4,691,577,095
Less: Base year ⁽²⁾	<u>(1,851,457,615)</u>	<u>(1,851,457,615)</u>	<u>(1,852,540,849)</u>	<u>(1,852,540,849)</u>	<u>(1,851,365,849)</u>
Incremental Increase	\$1,856,129,259	\$2,000,510,709	\$2,210,188,515	\$2,636,645,995	\$2,840,211,246

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. 7
PROJECT AREA
HISTORICAL ASSESSED VALUATIONS AND TAX INCREMENT**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Total Taxable Value ⁽¹⁾	\$5,425,535,693	\$5,729,315,507	\$6,105,037,408	\$6,659,186,340	\$6,977,983,385
Base Year Value ⁽²⁾	<u>(2,123,752,408)</u>	<u>(2,123,696,106)</u>	<u>(2,131,898,090)</u>	<u>(2,132,180,917)</u>	<u>(2,131,308,197)</u>
Incremental Value	\$3,301,783,285	\$3,605,619,401	\$3,973,139,318	\$4,527,005,423	\$4,846,675,188
Original Tax Levy ⁽³⁾	\$ 33,094,610	\$ 36,156,283	\$ 39,741,146	\$ 45,457,791	\$ 48,719,895 ⁽⁴⁾

(1) Based on the August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

(3) Based on the August 20 equalized roll, and includes unitary revenue, but not supplemental assessments, refunds and other adjustments. See Table No. 10 below for tax levy as adjusted.

(4) Estimated.

Source: Orange County Auditor-Controller.

**TABLE NO. 8
REDEVELOPMENT PROPERTY TAX TRUST FUND DEPOSITS**

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
January RPTTF Deposit	\$17,824,490	\$18,925,863	\$20,939,476	\$23,905,859	\$26,433,305
June RPTTF Deposit	<u>13,342,556</u>	<u>14,793,927</u>	<u>16,074,432</u>	<u>18,096,526</u>	<u>21,484,305</u>
Gross RPTTF Deposits ⁽¹⁾	\$31,167,046	\$33,719,790	\$37,013,908	\$42,002,385	\$47,917,610
County Administrative Fees	(294,423)	(312,090)	(200,101)	(312,375)	(300,964)
Tax Sharing	<u>(6,046,183)</u>	<u>(6,889,471)</u>	<u>(8,009,482)</u>	<u>(9,497,736)</u>	<u>(11,669,839)</u>
RPTTF Available	\$24,826,440	\$26,518,229	\$28,804,325	\$32,192,274	\$35,946,807

Source: Orange County Auditor-Controller.

(1) This is the amount of the former Tax Increment that was received by the County and available to the Successor Agency for the distributions made on January 2 and on June 1 each year.

The estimated gross Tax Increment Revenues for 2019-20, based on the 2019-20 assessed value for the Project Area is as follows:

Gross Assessed Value	\$6,977,983,385
Base Year Value	(2,131,308,197)
Incremental Value	\$4,846,675,188
Tax Rate	<u>1.00%</u>
Tax Increment Revenue	48,466,752
Unitary Revenue	<u>253,143</u>
Total Tax Revenue	\$ 48,719,895

Source: Municipal Advisor.

Major Taxpayers

The ten largest property taxpayers represent 12.0% of the 2019-20 total assessed value of the Project Area and 17.3% of the incremental assessed value of the Project Area.

**TABLE NO. 9
TEN LARGEST TAXPAYERS AS A PERCENT OF 2019-20 TOTAL
AND INCREMENTAL ASSESSED VALUE**

<u>Taxpayer</u>	2019-20 Total Assessed Value	% of Total Assessed Value	% of Incremental Assessed Value	<u>Location</u>
The Source at Beach LLC	\$166,810,746	2.4%	3.4%	CBD Amendment/Project Area IV
Centerpoint Properties Trust	136,604,520	2.0%	2.8%	Project Area IV
PRI Buena Park Ind. CA LLC	108,008,135	1.5%	2.2%	Project Area IV
Alticor Inc.	100,480,666	1.4%	2.1%	Project Area II/Project Area IV
Newkoa LLC	81,908,224	1.2%	1.7%	Project Area III
6300 Regio LLC	64,727,718	0.9%	1.3%	Project Area IV
Coventry II DDR Buena Park LLC	52,668,132	0.8%	1.1%	Project Area III/CBD Amendment
Bottling Group LLC	43,835,153	0.6%	0.9%	Project Area IV
Realty Associates Fund XI LP	42,708,420	0.6%	0.9%	CBD Amendment
Cadigan Brookstone LLC	<u>41,484,140</u>	<u>0.6%</u>	<u>0.9%</u>	Project Area IV
Total	\$839,235,854	12.0%	17.3%	

Source: Successor Agency.

The following provides a description of the five largest property owners in the Project Area.

The Source at Beach LLC. The Source is a lifestyle and entertainment center, located on approximately 12.5 acres. The first phase of 428,000 square feet of retail shops, movie theater, spa, restaurants, entertainment uses and parking structures was recently completed, in addition to a 7-story office building.

Centerpoint Properties Trust. J.C. Penney owned and operated a large distribution center. They sold the property to Centerpoint Properties in 2017 and leased it back during 2018. The facility is over 1 million square feet, located on approximately 42 acres. CenterPoint Properties is currently making tenant improvements to the facilities, including adding loading docks. Centerpoint Properties also owns an adjacent 5 story office building leased to multiple tenants.

PRI Buena Park Industrial California LLC. PRI Buena Park Industrial California owns the Commerce Centre at Buena Park. It contains over 1,200,000 square feet of warehouse and manufacturing space on 61 acres.

Alticor Inc. Alticor, parent company of Amway and Nutrilite, owns 135,000 square feet of manufacturing, distribution and office space. The facilities span both the Project Area IV and Project Area II, with the main office space located in Project Area IV. Alticor owns an additional 80,000 square feet of R&D and office space for Nutrilite, together with two adjacent parking structures on site.

Newkoa LLC. Newkoa purchased the Buena Park Mall in 2015, which contains approximately 530,000 square feet of retail space on 29 acres.

Assessment Appeals

In the last five years, 67.9% of properties for which appeals were filed and heard (not withdrawn) were successful in obtaining a reduction in value and that reduction has averaged approximately 15.2% of the original assessment. A summary of appeals as of July 2019 is shown below.

<u>Lien Year</u>	<u>Appeals Filed</u>	<u>Resolved Appeals</u>	<u>Pending Appeals</u>	<u>Successful Appeals</u>	<u>Success Rate</u>	<u>Successful Appeals</u>		<u>Loss Rate</u>
						<u>Original Value</u>	<u>Value Reduction</u>	
2014/15	51	49	2	33	67.3%	\$133,277,382	\$18,769,628	14.1%
2015/16	60	53	7	35	66.0%	115,797,368	15,095,419	13.0%
2016/17	36	31	5	22	71.0%	111,470,941	16,813,039	15.1%
2017/18	61	24	37	14	58.3%	96,152,855	16,564,551	17.2%
2018/19	<u>77</u>	<u>8</u>	<u>69</u>	<u>8</u>	<u>100.0%</u>	<u>29,650,496</u>	<u>6,460,529</u>	21.8%
	285	165	120	112	67.9%	\$486,349,042	\$73,703,166	15.2%

Source: Harrell & Company Advisors, LLC.

The 2018/19 tax roll value under appeal as of July 2019 is \$385,429,854 (5.7% of assessed value). The 2017/18 tax roll value under appeal as of July 2019 is \$284,585,786 (4.7% of assessed value). As described below, appeals are pending for certain of the ten largest property owners listed in the table “Ten Largest Taxpayers as a Percent of 2019-20 Total and Incremental Assessed Value.”

- Newkoa LLC appealed the 2016-17 value (\$85,329,829) and the 2017-18 value (\$87,050,020) of its property, requested a 50% reduction and was granted a reduction of \$8.1 million for 2016-17 and \$9.1 million for 2017-18. Newkoa also has appeals pending for the 2018-19 value of its property (\$88,790,494) requesting a 77% reduction, or \$68.7 million.
- Coventry II DDR Buena Park Place LP appealed the 2016-17 value of one of three parcels owned, requesting a reduction of 50%. The appeal was withdrawn. The owner has filed an appeal of the 2017-18 value of all three parcels (\$50,619,392), requesting a 50% reduction of \$25.3 million, as well as an appeal of the 2018-19 value of all three parcels (\$51,631,778), requesting a reduction of \$25.9 million.
- Alticor Inc. has appealed the 2017-18 value of its property (\$97,188,970), requesting a 51% reduction, or \$49.1 million. The owner has also appealed the 2018-19 value of its property (\$108,080,843), requesting a 50.4% reduction, or \$54.4 million.

No reduction for pending appeals in the Project Area has been incorporated in the projections. Reductions in revenue for refunds resulting from successful appeals or current or prior year appeals have also not been incorporated into the projections. The success rate of appeals, reductions granted and refunds may vary from historical averages.

Tax Collections

The Successor Agency does not participate in the County’s “Teeter Plan” method of distributing property taxes to taxing agencies. Consequently property tax payments are adjusted for delinquencies, redemption, penalties or interest and Tax Increment Revenues for the Project Area represent actual collections.

The following table shows the property tax collection rates for the Project Area from Fiscal Year 2014-15 to Fiscal Year 2018-19.

**TABLE NO. 10
TAX COLLECTION RATES**

<u>Fiscal Year</u>	<u>Original Levy</u> ⁽¹⁾	<u>Supplemental/ Adjustments</u>	<u>Available to Remit to the Successor Agency</u> ⁽²⁾⁽³⁾	<u>Collection Percentage</u> ⁽⁴⁾
2014-15	\$30,332,599	\$1,029,701	\$31,094,155	98.7%
2015-16	33,094,610	2,102,874	34,044,156	98.6%
2016-17	36,156,283	3,066,788	37,740,009	98.1%
2017-18	39,741,146	4,251,291	41,453,530	98.9%
2018-19	45,457,791	3,458,299	47,631,797	97.7%

(1) Based on the August 20 equalized roll.

(2) Includes supplemental assessments, collection of prior years’ delinquent taxes, penalties, current year delinquencies, refunds, impounds but excludes county administrative charges and allocated interest.

(3) Based on the normal collection cycle, not the RPTTF distribution cycle.

(4) Based on data provided by Orange County, these percentages represent the payment of taxes in the year actually levied, not including supplemental assessments.

Source: Orange County Auditor-Controller.

FINANCIAL INFORMATION

Successor Agency Accounting Records and Financial Statements

The activities of the Successor Agency are reported as a fiduciary trust fund as part of the City's basic financial statements. The Successor Agency does not prepare separate financial statements.

The City's financial statements for the Fiscal Year ended June 30, 2018, attached hereto as "APPENDIX D" have been audited by Badawi and Associates, Certified Public Accountants, Oakland, California. The City's audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor. Badawi and Associates has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Badawi and Associates also has not performed any procedures relating to this Official Statement.

Property Taxation in California

Manner in Which Property Valuations and Assessments are Determined (Article XIII A). On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIII A to the State Constitution, among other things, defines full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by substantial damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value of that property, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978 by two-thirds of the votes cast by voters voting on such indebtedness. However, pursuant to an amendment to the State Constitution, redevelopment agencies were prohibited from receiving any of the tax increment revenue attributable to tax rates levied to finance bonds approved by the voters on or after January 1, 1989 for the acquisition or improvement of real property. Moreover, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from such prohibitions and SB 107 further states that pre-1989 tax override rates are no longer distributed to successor agencies except in limited circumstances (see "SECURITY FOR THE BONDS - Tax Revenues," "Property Tax Rate" below and "RISK FACTORS - Factors Which May Affect Tax Revenues - Reduction in Inflationary Rate").

In the general election held November 4, 1986, voters in the State approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, to not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county (or in certain cases, another county), to transfer the old residence's assessed value to the new residence.

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following

lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide, and such methodology has been upheld by the California courts. During the last recession, the City saw some Proposition 8 reductions in property values between 2009 and 2010, reducing assessed value in the Project Area by slightly more than 1%. After remaining level in Fiscal Year 2011-12, assessed values increased in 2013-14 back to their pre-recession levels, and are now 13% higher than the pre-recession value in 2008.

Unsecured and Secured Property. In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property, arising pursuant to State law, has priority over all other liens on the secured property, regardless of the time of the creation of the other liens.

Property in the Project Area is assessed by the Orange County Assessor except for public utility property which is assessed by the State Board of Equalization.

The valuation of secured property is determined as of January 1 each year for taxes owed with respect to the succeeding fiscal year. The tax rate is equalized during the following September of each year, at which time the tax rate is determined. Secured and unsecured property is entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment in addition to a \$20 cost on the second installment. On July 1 of each fiscal year any property which is delinquent will become defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1½% per month to the time of redemption, together with any other charges permitted by law. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Property taxes on the unsecured roll become delinquent, if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1½% per month begins to accrue on November 1 of the fiscal year. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder’s Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental Assessments. Legislation adopted in 1984 (Section 75, *et seq.* of the Revenue and Taxation Code of the State of California) provides for the supplemental assessment and taxation of property at its full cash value as of the date of a change of ownership or the date of completion of new construction (the “Supplemental Assessments”). To determine the amount of the Supplemental Assessment the County Auditor applies the current year’s tax rate to the supplemental assessment roll and computes the amount of taxes that would be due for the full year. The taxes due are then adjusted by a proration factor to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. Supplemental Assessments become a lien against the real property on the date of the change of ownership or completion of new construction.

Unitary Property. Commencing in the 1988-89 Fiscal Year, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed value according to the location of those values in individual tax rate areas.

Commencing with the 1988-89 Fiscal Year, each county has established one county-wide tax rate area. The assessed value of all unitary property in the county has been assigned to this tax rate area and one tax rate is levied against all such property (“Unitary Revenues”).

The property tax revenue derived from the assessed value assigned to the county-wide tax rate area shall be allocated as follows: (1) each jurisdiction will be allocated up to 2% of the increase in Unitary Revenues on a pro rata basis county-wide; and (2) any decrease in Unitary Revenues or increases less than 2%, or any increase in Unitary Revenues above 2% will be allocated among jurisdictions in the same proportion of each jurisdiction’s Unitary Revenues received in the prior year to the total Unitary Revenues county-wide. The Unitary Revenues allocated to the Project Area in Fiscal Year 2018-19 were \$253,143.

Legislation adopted in 2006 (SB 1317, Chapter 872) provides that, commencing with Fiscal Year 2007-08, certain property related to new electrical facilities shall be allocated entirely to the county in which such property is located and property tax revenues derived from such property shall be allocated to such county and certain Taxing Agencies with such county.

Property Tax Rate. The difference between the \$1.00 general tax levy provided under Article XIII A tax rate and those actually levied (referred to as the “tax override rate”) represents the tax levied by overlapping entities to pay debt service on bonded indebtedness approved by the voters.

Section 34183 of the Dissolution Act effectively eliminated the tax override rate from the calculation of tax increment revenues with respect to tax override rates authorized by voters for the purpose of repaying bonded indebtedness for the acquisition or improvement of real property. Future Tax Increment Revenues have been projected by applying a tax rate of \$1.00 per \$100 of taxable value general levy to incremental taxable values.

Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund. For Fiscal Year 2018-19, the County administrative fees charged to the Project Area including administration of the Redevelopment Property Tax Trust Fund were \$300,964. In total, the fees represent approximately 0.63% of gross Tax Increment Revenues.

Tax Sharing Agreements and Tax Sharing Statutes

Tax Sharing Agreements

Pursuant to prior Section 33401(b) of the Redevelopment Law, a redevelopment agency was authorized to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project to alleviate any financial burden or detriment caused by the redevelopment project. These agreements are commonly referred to as “tax sharing agreements” or “pass-through agreements.”

The tax sharing agreements (“Contractual Tax Sharing Agreements”) entered into with respect to each Constituent Project are described in “APPENDIX B - MUNICIPAL ADVISORS’ PROJECTED TAX REVENUES REPORT.”

Since dissolution, the County Auditor-Controller calculates and pays the Contractual Tax Sharing Agreement amounts. These amounts are payable from tax increment revenue deposited in the Redevelopment Property Tax Trust Fund senior to the Bonds.

Tax Sharing Statutes

Certain provisions were added to the Redevelopment Law by the adoption of AB 1290 in 1994. If new territory was added to a redevelopment project, under Section 33607.5 of the Redevelopment Law, any affected taxing entity would share in the tax increment revenues generated by such added area pursuant to a statutory formula (“Statutory Tax Sharing”).

In addition, pursuant to Section 33333.6(e)(2) of the Redevelopment Law, if the Former Agency deleted the time limit to incur indebtedness in a redevelopment project (as amended pursuant to SB 211) or increased the total amount of tax increment revenues to be allocated to the project area or increased the duration of the redevelopment plan and the period for receipt of tax increment revenues, Statutory Tax Sharing is required under Section 33607.7 of the Redevelopment Law with all affected taxing entities not already a party to a tax sharing agreement, once the original limitations have been reached.

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Tax Sharing amounts subordinate to the Bonds. Except for the City’s Statutory Tax Sharing amounts, the Former Agency had not previously undertaken proceedings to subordinate such payments to the Prior Bonds. The Successor Agency will not undertake such procedure to subordinate such payments (including the City’s share of such payments) with respect to the Bonds.

The Statutory Tax Sharing calculations with respect to each Constituent Project are described in “APPENDIX B - MUNICIPAL ADVISORS’ PROJECTED TAX REVENUES REPORT.” Since dissolution, the County Auditor-Controller calculates and pays the Statutory Tax Sharing amounts. These amounts are payable from tax increment revenue deposited in the Redevelopment Property Tax Trust Fund senior to the Bonds.

Outstanding Indebtedness and Enforceable Obligations

After refinancing the Prior Bonds, no additional bonded indebtedness will remain outstanding.

The Successor Agency has other enforceable obligations payable from amounts deposited in the Redevelopment Obligation Retirement Fund on a basis subordinate to the Bonds.

1993 Housing Fund Judgment. The Former Agency entered into a stipulated judgment (the “Judgment”) in 1993 pursuant to which it agreed to set aside an amount equal to 20% of the gross tax increment generated from the CBD Project and Project Area II and 25% of the gross tax increment generated from Project Area III into the Former Agency’s Low and Moderate Income Housing Fund (“Housing Fund”) (the “Housing Set-Aside Provisions”). Following redevelopment dissolution, deposits to the Housing Fund were no longer required (see “SECURITY FOR THE BONDS - Tax Revenues - Elimination of the 20% Housing Set-Aside”). However, the Successor Agency agreed with the parties in the Judgment to include the amounts that would have been deposited in the Housing Fund under the Judgment on its Recognized Obligation Payment Schedule.

The Department of Finance notified the Successor Agency that such payments were not enforceable obligations under the Dissolution Act and continues to deny funding of the amounts calculated under the Judgment. In June 2014, a petition for writ of mandate was filed against the Department of Finance, the

Auditor-Controller of the County of Orange, and others (the “Housing Fund Litigation”). The Petitioners in the Housing Fund Litigation sought to enforce the Judgment and, in particular, the Housing Set-Aside Provisions. The trial court denied the writ and, in November 2015, the petitioners appealed the trial court’s decision. The appeal in the Housing Fund Litigation is currently pending. The State Court of Appeal is expected to issue its decision before the end of 2019.

The Successor Agency cannot predict the outcome of the Housing Fund Litigation. If the petitioner is successful and the Department of Finance is required to approve the obligations imposed on the Successor Agency by the Judgment as enforceable obligations payable from deposits to the Redevelopment Property Tax Trust Fund, the Successor Agency estimates that it could be obligated to deposit more than \$28 million from available Redevelopment Property Tax Trust Fund moneys into the Low and Moderate Income Housing Trust Fund (or the Successor Housing Fund, which administers any remaining pre-dissolution Housing Fund moneys), representing the amount which would have been deposited since January 2012 under the Judgment (including amounts for 2019-20).

Further, if the petitioners are successful, the Department of Finance would be required to approve funding of the Housing Set-Aside Provisions from Redevelopment Property Tax Trust Fund money on an annual basis through the remaining life of the Project Areas affected by the Judgment. The estimated amount of the Housing Set-Aside Provisions under the Judgment for Fiscal Year 2019-20 would be approximately \$4.2 million.

It is not clear what priority housing obligations imposed by a judgment in the Housing Fund Litigation would have with respect to the Bonds; however, the Successor Agency believes that it would be able to manage payment of such an obligation in a manner that will not have a material adverse impact on the Successor Agency’s ability to pay debt service on the Bonds when due. The projections of Pledged Tax Revenues set forth under the caption “FINANCIAL INFORMATION - Projected Tax Revenues and Debt Service Coverage” do not reflect any payments that would be required to comply with the Housing Set-Aside Provisions of the Judgment, for any past amounts or future amounts.

Flow of Funds

Under the Indenture, in the Recognized Obligation Payment Schedule period beginning January 2 of each year, the Successor Agency is required to request funding of 100% of the principal and interest due on the Bonds in the calendar year. In the Recognized Obligation Payment Schedule period beginning July 1 of each year, the Indenture also requires the Successor Agency to request funding of any remaining unfunded principal or interest payable on the Bonds on September 1 of such year, if any. Other enforceable obligations may be paid in such Recognized Obligation Payment Schedule periods to the extent those amounts are transferred to the Trustee and reserved for such debt service.

Projected Tax Revenues and Debt Service Coverage

Receipt of projected Tax Revenues shown in Table No. 11 in the amounts and at the times projected depends on the realization of certain assumptions relating to the Tax Increment Revenues. The Municipal Advisor has projected taxable valuation and Tax Revenues in the Project Area. The Successor Agency believes the assumptions set forth in “APPENDIX B - MUNICIPAL ADVISORS’ PROJECTED TAX REVENUES REPORT” upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see “RISK FACTORS”). Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material, affecting the Successor Agency’s ability to timely pay principal of and interest on the Bonds.

**TABLE NO. 11
PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE**

	Tax Revenues ⁽¹⁾	Debt Service*	Coverage Ratio*
2020	\$35,804,000	\$6,462,000	554.1%
2021	36,623,000	6,468,000	566.2%
2022	37,460,000	6,489,000	577.3%
2023	38,312,000	6,474,000	591.8%
2024	39,178,000	4,189,000	935.3%
2025	40,064,000	3,885,000	1,031.2%
2026	40,971,000	3,886,000	1,054.3%
2027	36,756,000	3,885,000	946.1%
2028	32,805,000	3,889,000	843.5%
2029	33,609,000	3,890,000	864.0%
2030	34,421,000	3,630,000	948.2%
2031	35,259,000	3,625,000	972.7%
2032	36,108,000	3,628,000	995.3%
2033	36,974,000	3,049,000	1,212.7%
2034	32,116,000	3,047,000	1,054.0%
2035	32,780,000	2,567,000	1,277.0%

⁽¹⁾ See “APPENDIX B - MUNICIPAL ADVISORS’ PROJECTED TAX REVENUES REPORT” for all assumptions relating to the projected Tax Revenues.

Source: Municipal Advisor.

* Preliminary, subject to change.

The projected Tax Revenues shown above are subject to several variables described herein. See “RISK FACTORS” herein. The Successor Agency provides no assurance that the projected Tax Revenues will be achieved.

RISK FACTORS

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

Factors Which May Affect Tax Revenues

The ability of the Successor Agency to pay principal of and interest on the Bonds depends on the timely receipt of Tax Revenues as projected herein (see “FINANCIAL INFORMATION - Projected Tax Revenues and Debt Service Coverage” herein). Projections of Tax Revenues are based on the underlying assumptions relating to Tax Increment Revenues of the Project Area. Tax Revenues allocated to the Successor Agency (which constitute the ultimate source of payment of principal of and interest on the Bonds, as discussed herein) are determined by the amount of incremental valuation of taxable property in the Project Area, taxed at a rate of \$1.00 per \$100 of assessed value (1%) and the percentage of taxes collected in the Project Area, adjusted to reflect prior claims on the Tax Increment Revenues. A number of factors which may affect Tax Increment Revenues, and consequently, Tax Revenues, are outlined below.

Reductions in Assessed Value. Tax Increment Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Area taxed at a rate of \$1.00 per \$100 of assessed value (1%). The reduction of taxable values of property in the Project Area caused by economic factors beyond the Successor Agency’s control, such as relocation out of the Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the Bonds. Such reduction of Tax Revenues could have an adverse effect on the Successor Agency’s ability to make timely payments of principal of and interest on the Bonds.

Article XIII A. Pursuant to the California voter initiative process, on June 6, 1978, California voters approved Proposition 13 which added Article XIII A to the California Constitution. This amendment imposed certain limitations on taxes that may be levied against real property to 1% of the full cash value of the property, adjusted annually for inflation at a rate not exceeding 2% annually. Full cash value is determined as of the 1975-76 assessment year, upon change in ownership (acquisition) or when newly constructed (see “FINANCIAL INFORMATION - Property Taxation in California” herein for a more complete discussion of Article XIII A). Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Reduction in Inflationary Rate. The annual inflationary adjustment, while limited to 2%, is determined annually and may not exceed the percentage change in the California Consumer Price Index (CCPI).

Because the Revenue and Taxation Code does not distinguish between positive and negative changes in the CCPI used for purposes of the inflation factor, there was a decrease of 0.237% in 2009-10 – applied to the 2010-11 tax roll – reflecting the actual change in the CCPI, as reported by the State Department of Finance. For each fiscal year since Article XIII A has become effective (the 1978-79 Fiscal Year), the annual increase for inflation has been at least 2% except in ten fiscal years as shown below:

<u>Tax Roll</u>	<u>Percentage</u>	<u>Tax Roll</u>	<u>Percentage</u>
1981-82	1.000%	2010-11	(0.237)%
1995-96	1.190%	2011-12	0.753%
1996-97	1.110%	2014-15	0.454%
1998-99	1.853%	2015-16	1.998%
2004-05	1.867%	2016-17	1.525%

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. This methodology has been approved by the Fourth District Court of Appeals in a case in which the California Supreme Court declined further review. See “FINANCIAL INFORMATION - Property Taxation in California - Proposition 8 Adjustments” herein.

If Proposition 8 adjustments are made by the County Assessor in future years because of declines in the fair market value of properties caused by the lack of real estate development in the area generally or other economic factors, Tax Revenues may be adversely affected and as a possible consequence may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds.

Assessment Appeals. Assessment appeals may be filed by property owners seeking a reduction in the assessed value of their property. After the property owner files an appeal, the County’s Appeals Board will hear the appeal and make a determination as to whether or not there should be a reduction in assessed value for a particular property and the amount of the reduction, if any. To the extent that any reductions are made to the assessed valuation of such properties with appeals currently pending, or appeals subsequently filed, Tax Increment Revenues, and correspondingly, Tax Revenues will be reduced. Such reductions may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds. As of July 2019, there were 285 pending appeals within the Project Area relating to \$693 million of 2018-19 or prior years’ assessed value. This amount includes, in some cases, appeals filed by owners for multiple years for the same property. See “THE PROJECT AREA - Assessment Appeals” herein. To the extent these appeals are resolved in favor of any property owner, Tax Revenues will be reduced.

Natural Hazards. Any natural disaster or other physical calamity, including earthquake, may have the effect of reducing Tax Increment Revenues through reduction in the aggregate assessed valuation within the boundaries of the Project Area.

The City, like most regions in the State, is located in an area of seismic activity and, therefore, could be subject to potentially destructive earthquakes. Numerous active and inactive fault lines pass through, or near, the area in which the City is located. The Norwalk Fault is the only fault located within the City, though no surface faulting has been associated with this fault. According to the Safety Element of the City’s General Plan, the City’s proximity to the Norwalk, Whittier-Elsinore, Newport-Inglewood and other regional faults, along with a medium-to-high potential for ground failure due to liquefaction in some areas, present a known risk. Seismic hazards encompass ground rupture, shaking, lurching, blind thrust faults that lack surface breaks, liquefaction, and ground failure. These hazards could result in damage to property within the Project Area. Certain of these hazards, such as ground rupture, could cause buildings to be permanently red-flagged, with no ability of the property owner to rebuild the affected site.

Flooding resulting from dam failure is also a potential hazard for the City. The Safety Element of the City’s General Plan identifies four dams upstream of the City which present inundation hazards: Prado Dam, Fullerton Dam, Brea Dam, and Carbon Canyon Dam.

The occurrence of one or more natural disasters could occur and could result in damage to improvements and property within the Project Area of varying seriousness. Such damage may significantly reduce Tax Increment Revenues received by the Successor Agency and may adversely impact the Successor Agency's ability to pay debt service on the Bonds.

Hazardous Substances. An additional environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of a hazardous substance that would limit the beneficial use of a property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner (or operator) may be required to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance would be to reduce the marketability and value of the property, perhaps by an amount in excess of the costs of remedying the condition. The Successor Agency can give no assurance that future development will not be limited by these conditions.

Certain Bankruptcy Risks. The enforceability of the rights and remedies of the Owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Levy and Collection of Taxes. The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provision of additional sources of income to Taxing Agencies having the effect of reducing the property tax rate must necessarily reduce the amount of Tax Increment Revenues, and consequently, Tax Revenues that would otherwise be available to pay the principal of, and interest on the Bonds.

The County has not implemented the Teeter Plan. The amount of the levy of property tax revenue that could be allocated to the Successor Agency depends upon the actual collections of taxes within the Project Area. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Tax Revenues.

Interpretation of and Future Changes in the Law; Voter Initiatives. The Redevelopment Law and the Dissolution Act are complex bodies of law and their application to the Successor Agency, the Redevelopment Plan and the Project Area may be subject to different interpretations by the Successor Agency, the Department of Finance, the County Auditor-Controller, Taxing Agencies and other interested parties, including with respect to Tax Sharing Agreements and Statutory Tax Sharing obligations and enforceable obligations. Since the effectiveness of the Dissolution Act, the State Department of Finance and various successor agencies have from time to time disagreed about the interpretation of different language contained in the Dissolution Act, as well as whether or not the State Department of Finance has exceeded its authority in rejecting items from Recognized Obligation Payment Schedules submitted by successor agencies, as evidenced by numerous lawsuits. While the Successor Agency has covenanted in the Indenture to preserve and protect the security of the Bonds and the rights of the Bondholders (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency"), any such action taken by the Successor Agency could incur substantial time and cost that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the Bonds.

Moreover, the Successor Agency cannot guarantee the outcome of any such action taken by the Successor Agency to preserve and protect the security of the Bonds and the rights of the Bondholders.

In addition to the existing limitations on Tax Increment Revenues described in this Official Statement under “FINANCIAL INFORMATION - Property Taxation in California,” the California electorate or Legislature could adopt future limitations with the effect of reducing Tax Increment Revenues payable to the Successor Agency.

Real Estate and General Economic Risks

Tax Increment Revenues as presented herein as available for payment of any indebtedness of the Successor Agency are based upon the latest actual assessed values for the 2019-20 Fiscal Year. Redevelopment of real property within the Project Area by the City, as well as private development in the Project Area, may be adversely affected by changes in general economic conditions, fluctuations in the real estate markets and interest rates, unexpected increases in development costs, changes in or new governmental policies including governmental policies to restrict or control certain kinds of development and by other similar factors. If development and redevelopment activities in the Project Area encounters significant obstacles of the kind described herein or other impediments, the economy of the area in and around the Project Area could be adversely affected, causing reduced taxable valuation of property in the Project Area a reduction of the Tax Increment Revenues and a consequent reduction in Tax Revenues available to repay the Bonds. Due to the future decline in the general economy of the region, owners of property within the Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or reduction of Tax Increment Revenues and consequently a reduction in Tax Revenues available to repay the Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. The Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency’s oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules.” In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to any fiscal year, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

The Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds as well as any amount required under the Indenture to replenish the Reserve Account of the Debt Service Fund, in Recognized Obligation Payment Schedules for each six-month period of a fiscal year and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency’s Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period of a fiscal year, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period (see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency”).

The Dissolution Act also contains certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a fiscal year. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Auditor-Controller, the State Department of Finance, and the State Controller no later than February 1 of each year. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 10th day after the February 1 deadline with respect to a Recognized Obligation Payment Schedule for the subsequent annual period.

The Successor Agency has submitted all Recognized Obligation Payment Schedules, duly approved by the Oversight Board, in a timely manner.

Cybersecurity

As a recipient and provider of personal, private and sensitive information, the City faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City or the Successor Agency, or the administration of the Bonds. The Successor Agency is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County Tax Collector for the levy and collection of Tax Revenues, the Fiscal Agent, and the Dissemination Agent. No assurance can be given that the City, the Successor Agency and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Series A Bonds Loss of Tax Exemption

As discussed under the caption "TAX MATTERS" herein, interest on the Series A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series A Bonds were executed and delivered as a result of future acts or omissions of the Successor Agency in violation of its covenants contained in the Indenture. Should such an event of taxability occur, the Series A Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service ("IRS") has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Series A Bonds is commenced, under current procedures, the IRS is likely to treat the Successor Agency as the "taxpayer," and the owners of the Series A Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series A Bonds, the Successor Agency may have different or conflicting interests from the owners of the Series A Bonds. Public awareness of any future audit of the Series A Bonds could adversely affect the value and liquidity of the Series A Bonds during the pendency of the audit, regardless of its ultimate outcome.

Risks Related to Insurer

The Insurer's obligation under the Reserve Policy is a general obligation of the Insurer. Default by the Insurer may result in insufficient funds being available to pay the principal of and interest on the Bonds from amounts expected to be available under the Reserve Policy. In such event, the remedies available to

the Trustee may be limited by, among other things, certain risks related to bankruptcy proceedings, and may also have been altered prior to a default by the Insurer, which has the right, acting with the Trustee, without Owner consent, and upon the occurrence of an Event of Default, to waive the applicable provisions of the Indenture governing defaults and remedies and to direct the Trustee to enforce rights and remedies with respect to such Insured Bonds.

No review of the business or affairs of the Insurer has been conducted by the Successor Agency in connection with the offering of the Bonds. No assurance can be given by the Successor Agency as to the Insurer's ability to pay claims under the Reserve Policy.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX MATTERS

General. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Successor Agency complies with all requirements of the Internal Revenue Code of 1986 (the "Tax Code") that must be satisfied subsequent to the issuance of the Series A Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds. Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Series A Bonds, including any federal tax consequences arising with the ownership, sale or disposition of the Series A Bonds, or the amount, accrual or receipt of interest on the Series A Bonds.

Interest on the Series B Bonds is not excluded from gross income for federal income tax purposes.

California Tax Status. In the opinion of Bond Counsel, interest on the Series A Bonds and the Series B Bonds is exempt from California personal income taxes.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount is disregarded.

Under the Tax Code, original issue discount on a Bond is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of a Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period on a Bond is added to the adjusted basis

of such Bond to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of the Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium on a Bond is amortized on an annual basis over the term of such Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of Bonds which are sold with original issue premium, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

Form of Bond Counsel Opinions. At the time of issuance of the Bonds, Bond Counsel expects to deliver a separate opinion for the Series A Bonds and the Series B Bonds in substantially the respective forms set forth in Appendix F.

Other Tax Considerations. Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

Future Legislation

Future legislation, if enacted into law, or clarification of the Tax Code may cause interest on the Series A Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Series A Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Tax Code may also affect the market price for, or marketability of, the Series A Bonds. Prospective purchasers of the Series A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and the Indenture are subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Approval of Legal Proceedings

Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel, will render opinions with respect to the Bonds which state that the Indenture is a valid and binding obligation of the Successor Agency and enforceable in accordance with its terms. The legal opinions of Bond Counsel will be subject to the effect of bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity. See "APPENDIX F" for the proposed forms of Bond Counsel's opinions with respect to the Bonds.

The Successor Agency has no knowledge of any fact or other information which would indicate that the Indenture is not so enforceable against the Successor Agency, except to the extent such enforcement is limited by principles of equity and by state and federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

Certain legal matters will be passed on for the Successor Agency by the City Attorney, as General Counsel to the Successor Agency. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, will also pass on certain legal matters for the Successor Agency as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Best Best & Krieger LLP, Riverside, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

No Litigation

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing.

CONCLUDING INFORMATION

Rating on the Bonds

S&P Global Ratings ("S&P") has assigned a rating of "AA-" to the Bonds. Such rating reflects only the views of S&P, and any desired explanation of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Except as otherwise required in the Continuing Disclosure Certificate, the Successor Agency undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The Municipal Advisor

The material contained in this Official Statement was prepared by the Successor Agency with the assistance of Harrell & Company Advisors, LLC, Orange, California, an independent financial consulting firm, which advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein has been obtained by the Successor Agency from sources which are believed to be reliable, but such information is not guaranteed by the Municipal Advisor as to accuracy

or completeness, nor has it been independently verified. Fees paid to the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

The Successor Agency will provide annually certain financial information and data relating to the Bonds by not later than February 1 in each year commencing February 1, 2020 (the “Annual Report”), and to provide notices of the occurrence of certain other listed events. The Municipal Advisor will act as Dissemination Agent. The specific nature of the information to be contained in the Annual Report or the notices of listed events and certain other terms of the continuing disclosure obligation are found in the form of the Successor Agency’s Disclosure Certificate attached in “APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

The Successor Agency and the City have entered into several continuing disclosure undertakings. In the previous 5 years, the Successor Agency believes it has complied in all material respects with any undertaking made pursuant to the Rule. However, with respect to the 2003 Bonds, the notice of a bond insurer’s rating downgrade on January 17, 2018 was not filed until February 14, 2018, 28 days after the event.

In the previous 5 years, the City believes it has complied in all material respects with any undertaking made pursuant to the Rule, with the following exception: with respect to one outstanding issue of special tax bonds, the City’s audited financial statements for Fiscal Year 2014-15 were not available to be filed by the filing deadline of January 15, 2016, and the City only filed its audited financial statements when such audit was complete, and did not file any unaudited financial statements. Accordingly, the City’s financial statements for Fiscal Year 2014-15 were filed 12 days late, on January 27, 2016. The City filed a notice of its failure to timely file the Fiscal Year 2014-15 financial statements on May 9, 2016.

Underwriting

The Bonds were sold to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), who is offering the Bonds at the prices set forth on the inside cover pages hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others.

The Underwriter has purchased the Series A Bonds at a price equal to \$ _____, which amount represents the principal amount of the Series A Bonds plus an original issue premium of \$ _____, less an Underwriter’s discount of \$ _____. The Underwriter has purchased the Series B Bonds at a price equal to \$ _____, which amount represents the principal amount of the Series B Bonds less an Underwriter’s discount of \$ _____. The Underwriter will pay certain of its expenses relating to the offering from the Underwriter’s discount.

Additional Information

The summaries and references contained herein with respect to the Indenture, the Bonds, statutes and other documents, do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute and references to the Bonds are qualified in their entirety by reference to the form hereof included in the Indenture. Copies of this document may be obtained after delivery of the Bonds from the Successor Agency at 6650 Beach Boulevard, Buena Park, California 90622.

References

All statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Successor Agency and the purchasers or Owners of any of the Bonds.

Execution

The execution and delivery of this Official Statement by the City Manager acting as the chief administrative officer of the Successor Agency has been duly authorized by the Successor Agency.

**SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF BUENA PARK**

By: _____
City Manager

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture of Trust authorizing the Bonds that are not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is hereby made to the complete documents for the complete terms thereof.

Definitions

As used in this Summary, the following terms have the following meanings. In addition, terms defined elsewhere in this Official Statement and not otherwise defined in this Summary have the meanings given them in this Official Statement.

“Bond Year” means any twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive; except that the first Bond Year begins on the Closing Date and ends on September 1, 2020.

“Business Day” means a day of the year (other than a Saturday or Sunday) on which banks in California are not required or permitted to be closed, and on which the New York Stock Exchange is open.

“Closing Date” means the date of original issuance of the Bonds.

“Contractual Tax Sharing Agreements” means, collectively, the agreements heretofore entered into by the Agency pursuant to Section 33401 of the Law providing for the payment of tax increment revenues (allocated and paid to the Agency pursuant to Section 33670 of the Law) to the following entities: (a) the County, (b) the Orange County Flood Control District, (c) the Orange County Water District, (d) the Buena Park Library District, (e) the Anaheim Union High School District, (f) the Fullerton Union High School District, (g) the Orange County Board of Education, (h) the Orange County Vector Control District, (i) the North Orange County Community College District, (j) the Buena Park School District, and (k) the Centralia School District.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the related Series of Bonds and the refunding of the 2003 Bonds, the 2008 Series A Bonds and the 2008 Series B Bonds, including but not limited to: staff and administrative costs of the Successor Agency; printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee, the Escrow Bank and their respective counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; Reserve Policy premium; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the

Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Year” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Successor Agency as its official fiscal year period.

“Parity Debt” means any notes, bonds or other obligations which are issued following the Closing Date pursuant to the Indenture for the purpose of refunding any Bonds or other issue of Parity Debt in whole or in part as permitted by the Dissolution Act.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged.
- (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.
- (c) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by S&P at the time of purchase.
- (d) Interest-bearing deposit accounts (including certificates of deposit) in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by S&P at the time of purchase; or (ii) such deposits are fully insured by the Federal Deposit Insurance Corporation; or (iii) such deposits are collateralized by Permitted Investments described in clause (a) for amounts above FDIC insurance.
- (e) Commercial paper rated “A-1+” or better by S&P at the time of purchase.
- (f) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of “A-1+” or better by S&P at the time of purchase.

- (g) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAM or AAM at the time of purchase, which funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services, but excluding such funds with a floating net asset value.
- (h) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by S&P at the time of purchase, or (b) fully secured as to the payment of principal and interest by Permitted Investments described in clauses (a) or (b).
- (i) Obligations issued by any corporation organized and operating within the United States of America having assets in excess of \$500,000,000, which obligations are rated A or better by S&P at the time of purchase.
- (j) Bonds or notes issued by any state or municipality which are rated A or better by S&P at the time of purchase.
- (k) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated AA or better by S&P at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event either of such ratings at any time falls below AA-.
- (l) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

“Plan Limitations” means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Revenues which may be outstanding at any time, (b) the aggregate amount of taxes which may be divided and allocated to the Successor Agency under the Redevelopment Plan, and (c) the period of time for establishing or incurring indebtedness payable from Tax Revenues.

“Redevelopment Plan” means the means the Merged and Amended Redevelopment Plan for the Buena Park Consolidated Redevelopment Project approved by Ordinance No. 1422, adopted by the City Council of the City on May 7, 2002, merging the following four constituent project areas: (i) the Central Business District Project Area approved by Ordinance No. 1069, adopted by the City Council of the City on December 3, 1979, (ii) Project Area II approved by Ordinance No. 1163, adopted by the City Council of the City on October 1, 1984, (iii) Project Area III approved by Ordinance No. 1246, adopted by the City Council of the City on July 9, 1990, and (iv) Buena Park Redevelopment Project Area IV approved by Ordinance No. 1421, adopted by the City

Council of the City on May 7, 2002, together with any amendments of any of the foregoing Ordinances heretofore or hereafter duly enacted pursuant to the Redevelopment Law.

“Redevelopment Project” means the undertaking of the Former Agency under the Redevelopment Plan and the Redevelopment Law for the redevelopment of the Project Area.

“Redevelopment Property Tax Trust Fund” means the fund established under Section 34170.5(b) of the Redevelopment Law and administered by the Orange County Auditor-Controller.

“Request of the Successor Agency” means a request in writing signed by the Mayor, the City Manager or the Finance Director of the City, or any other officer of the City, acting on behalf of the Successor Agency and duly authorized by the Successor Agency for that purpose.

“Reserve Requirement” means an amount equal to \$_____, being the lesser of maximum annual debt service, 10% of the par amount of the Bonds or 125% of average annual debt service, determined as of the Closing Date.

“Series” means either the Series A Bonds or the Series B Bonds.

“Tax Revenues” means amounts required to be deposited from time to time in the Redevelopment Property Tax Trust Fund in accordance with Section 34183(a)(2) of the Redevelopment Law, which amounts are derived from property tax revenues (formerly, tax increment) allocated with respect to the Project Area under Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California and as provided in the Redevelopment Plan including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but not including amounts of such taxes which are required to be paid under the Contractual Tax Sharing Agreements or the Tax Sharing Statutes.

“Tax Sharing Statutes” means the provisions of the Redevelopment Law, including but not limited to Sections 33607.5, 33607.7 and 33676 thereof, under which a taxing entity is entitled to receive an amount which would otherwise constitute a portion of the Tax Revenues by operation of such statutory provision.

“2003 Bonds” means the Community Redevelopment Agency of the City of Buena Park Consolidated Redevelopment Project 2003 Tax Allocation Refunding Bonds issued in the aggregate principal amount of \$24,055,000 to refinance outstanding obligations of the Former Agency relating to the Redevelopment Project.

“2008 Series A Bonds” means the Community Redevelopment Agency of the City of Buena Park Consolidated Redevelopment Project 2008 Tax Allocation Bonds, Series A in the aggregate principal amount of \$48,800,000 to provide financing for the Redevelopment Project.

“2008 Series B Bonds” means the City of Buena Park Consolidated Redevelopment Project 2008 Taxable Tax Allocation Bonds, Series B in the aggregate principal amount of \$26,920,000 to provide financing for the Redevelopment Project.

Deposit of Proceeds to Pay Costs of Issuance

The Indenture creates a Costs of Issuance Fund for each Series of Bonds, into which a portion of the proceeds of each Series of Bonds will be deposited on the Closing Date. Amounts in each Costs of Issuance Fund will be disbursed to pay Costs of Issuance for the related Series of Bonds from time to time upon receipt of Requests of the Successor Agency. On March 1, 2020, the Trustee will transfer any amounts remaining in the Costs of Issuance Funds for each Series of Bonds to the Debt Service Fund, and the Trustee will thereupon close the Costs of Issuance Funds.

Refunding and Defeasance of Prior Bonds

The Successor Agency covenants that as a result of the deposit and application of the proceeds of the Bonds and other available funds under the Escrow Agreement, the outstanding 2003 Bonds, the 2008 Series A Bonds and the 2008 Series B Bonds will be defeased on the Closing Date under and in accordance with the documents authorizing the issuance thereof, and the 2003 Bonds, the 2008 Series A Bonds and the 2008 Series B Bonds will cease to be secured by and payable from the Tax Revenues commencing on the Closing Date.

Deposit and Application of Tax Revenues

Deposits in Redevelopment Obligation Retirement Fund. The Successor Agency has previously established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Redevelopment Law, which the Successor Agency shall continue to hold so long as any of the Bonds remain Outstanding or any amounts are due and owing to the Reserve Policy Provider in respect of the Reserve Policy. The Successor Agency shall deposit all of the Tax Revenues received in any Fiscal Year into the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency.

If the amounts on deposit in the Redevelopment Obligation Retirement Fund are at any time insufficient to enable the Successor Agency to make transfers as required under the Indenture to pay the principal of and interest on all outstanding Bonds and any Parity Debt in full when due, or to replenish the Reserve Account and the reserve accounts established for any outstanding Parity Debt, the Successor Agency shall make such transfers on a pro rata basis, without preference or priority among all outstanding Bonds and Parity Debt.

Any Tax Revenues received during a Bond Year and held in the Redevelopment Obligation Retirement Fund, to the extent remaining after making the transfers required by the Indenture, shall be released from the pledge and lien which secures the Bonds and may be applied for any lawful purposes of the Successor Agency.

Notwithstanding the foregoing provisions, Tax Revenues shall not be released from the pledge and lien which secures the Bonds unless (a) the amount held on deposit in the Reserve Account at the time of such release is at least equal to the Reserve Requirement, and (b) no amounts are then due and owing to the Reserve Policy Provider in respect of the Reserve Policy.

Debt Service Fund; Transfer of Amounts to Trustee. The Trustee will establish the Debt Service Fund as a special trust fund, which the Trustee will hold in trust so long as any of the Bonds remain Outstanding or any amounts are due and owing to the Reserve Policy Provider in respect of the Reserve Policy. In addition to the transfers required with respect to payments of the principal of and interest on Parity Debt, immediately following the receipt by the Successor Agency from the Orange County Auditor-Controller of any Tax Revenues, the Successor Agency shall deposit such Tax Revenues in the Redevelopment Obligation Retirement Fund and shall within five Business Days thereafter transfer such Tax Revenues from the Redevelopment Obligation Retirement Fund to the Trustee in the following amounts for deposit by the Trustee in the following respective special accounts within the Debt Service Fund, which accounts are established with the Trustee, in the following order of priority:

- (a) Interest Account. The Successor Agency shall transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds in the related Bond Year. The Trustee shall apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.
- (b) Principal Account. The Successor Agency shall transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on such date on the Outstanding Bonds, including the principal amount of any Term Bonds which are subject to mandatory sinking fund redemption in the related Bond Year. The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at the maturity and for the purpose of paying the redemption price of the Term Bonds upon the mandatory sinking fund redemption thereof.
- (c) Reserve Account. If and to the extent required, the Successor Agency shall transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account (including the reimbursement of all amounts due and owing to the Reserve Policy Provider in respect of the Reserve Policy). Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in such order of priority, on any date which the principal of or interest on the Bonds becomes due and payable under the Indenture, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the Bonds then Outstanding. So long as no Event of Default has occurred and is continuing, any amount in the Reserve Account in excess of the Reserve Requirement on or before the sixth Business Day preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account.

- (d) Redemption Account. On or before the 5th Business Day preceding any date on which Bonds are subject to optional redemption under the Indenture, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of the Bonds to be so redeemed on such date. The Trustee shall apply amounts in the Redemption Account solely for the purpose of paying the principal of the Bonds upon the optional redemption thereof, on the date set for such redemption.

Reserve Policy. The Reserve Requirement will be initially maintained in the form of the issuance of the Reserve Policy. Under the terms and conditions of the Reserve Policy, the Trustee shall deliver to the Reserve Policy Provider a demand for payment under the Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth in above. The Trustee shall comply with all of the terms and provisions of the Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Reserve Policy. All amounts drawn by the Trustee under the Reserve Policy will be deposited into the Reserve Account and applied for the purposes thereof.

If the Trustee has actual knowledge that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement (including as a result of a draw under the Reserve Policy), the Trustee shall promptly notify the Successor Agency and the Reserve Policy Provider of such fact and the Successor Agency shall replenish the amount on deposit in the Reserve Account to the full amount of the Reserve Requirement in accordance with the provisions described above.

Notwithstanding anything herein to the contrary, the Successor Agency has no obligation to replenish the Reserve Account or provide an additional debt service reserve policy or other credit instrument in the event the rating which is assigned to the Reserve Policy Provider by any rating agency is downgraded or withdrawn for any reason, or in the event the Reserve Policy Provider experiences financial difficulties of any nature or fails to make a payment under the Reserve Policy when due.

Investment of Funds

The Trustee will invest moneys in any of the funds established and held by the Trustee under the Indenture in Permitted Investments specified in the Request of the Successor Agency (which Request will be deemed to include a certification that the specified investment is a Permitted Investment) delivered to the Trustee at least two Business Days in advance of the making of such investments. In the absence of any such direction from the Successor Agency, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (d) of the definition thereof; *provided, however*, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Request of the Successor Agency specifying a specific money market fund and, if no such Request of the Successor Agency is so received, the Trustee shall hold such moneys uninvested.

All moneys in any fund or account held by the Successor Agency under the Indenture will be invested by the Successor Agency in any investments in which the

Successor Agency is legally authorized to invest funds within its control. All interest or gain derived from the investment of amounts in any fund or account will be retained therein; provided, that all interest or gain from the investment of amounts in the Reserve Account will be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement.

Other Covenants of the Successor Agency

Punctual Payment. The Successor Agency shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and of the Indenture.

Compliance with the Dissolution Act; Recognized Obligation Payment Schedules. The Successor Agency shall comply with all of the requirements of the Dissolution Act. The Successor Agency shall take all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules in each fiscal year so as to enable the Orange County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all Tax Revenues as shall be required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds and any outstanding Parity Debt coming due in the related Bond Year, including any amounts due and owing to the Reserve Policy Provider in respect of the Reserve Policy, or required to replenish the Reserve Account and the respective reserve accounts established for any outstanding Parity Debt.

Without limiting the generality of the foregoing covenant, the Successor Agency will take all actions required under the Dissolution Act to file a Recognized Obligation Payment Schedule by February 1 in each year, commencing February 1, 2020, in accordance with Section 34177(o) of the Redevelopment Law. For the semiannual period ending each June 30, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the following:

- (a) 100% of the amount of principal of and interest on the Bonds coming due and payable on the next succeeding March 1 and September 1;
- (b) any amount then required to replenish the full amount of the Reserve Requirement in the Reserve Account; and
- (c) any amount then required to make payments due to the Reserve Policy Provider in respect of the Reserve Policy.

For the semiannual period ending each December 31, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the following:

- (a) any remaining principal or interest due on the Bonds coming due and payable on the next succeeding September 1 and not reserved in the period ending June 30 (if any); and
- (b) reserves and amounts due to the Reserve Policy Provider as described under (c) above.

The foregoing actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and the California Department of Finance, to the extent required, the amounts to be held by the Successor Agency as a reserve until the next Fiscal Year, as contemplated by Section 34171(d)(1)(A) of the Redevelopment Law, that are required to provide for the payment of principal of and interest on the Bonds.

Compliance with Plan Limitations. If and to the extent that the Plan Limitations apply to the Successor Agency under the Dissolution Act, the Successor Agency shall not take any action which causes or which, with the passage of time, would cause any of the Plan Limitations to be exceeded or violated. The Successor Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Successor Agency to pay the principal of and interest and redemption premium (if any) on all Bonds and Parity Debt when due.

Books and Accounts; Financial Statements; Additional Information. The Successor Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the City, in which complete and correct entries are made of all transactions relating to the Tax Revenues and the Redevelopment Obligation Retirement Fund. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect) and the Reserve Policy Provider and the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared annually, within 210 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year, prepared in accordance with applicable provisions of the California Government Code, showing all deposits into and disbursements from the Redevelopment Obligation Retirement Fund, as of the end of such Fiscal Year. Such financial statements may be combined with or otherwise be a part of the financial statements which are prepared for the City. The Successor Agency will furnish a copy of such statements to the Reserve Policy Provider and, upon reasonable request, to any Bond Owner. The Trustee has no duty to review any such financial statement.

Protection of Security and Rights of Bond Owners. The Successor Agency will, to the extent it may legally do so, preserve and protect the security of the Bonds and the rights of the Bond Owners. From and after the date of issuance of the Bonds, the Successor Agency may not contest the validity or enforceability of the Bonds or the Indenture.

Limitation on Additional Indebtedness

The Successor Agency covenants that, so long as the Bonds are Outstanding, it will not issue any additional bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues; *provided, however*, that the Successor Agency may issue and sell refunding bonds payable from Tax Revenues on a parity with Outstanding Bonds for the

purpose of refunding all or a portion of the Bonds or any issue of Parity Debt, if (a) the aggregate amount of debt service on such refunding bonds is lower than the aggregate amount of debt service on the Bonds or Parity Debt being refunded and (b) the final maturity of any such refunding bonds does not exceed the final maturity of the Bonds or Parity Debt being refunded. The documents providing for the issuance of any parity obligations under this provision shall provide that:

- (a) interest on such parity obligations is payable on March 1 and September 1 in each year of the term thereof, except the first twelve month period, during which interest may be payable on any date; and
- (b) the principal of such parity obligations is payable on September 1 in any year in which principal is payable.

Notwithstanding anything in the Indenture to the contrary, the Successor Agency shall not issue any Parity Debt the proceeds of which are applied to refinance any enforceable obligations (as that term is defined in Section 34171(d) of the Dissolution Act), other than Parity Debt issued to refund indebtedness evidenced directly or indirectly by the Bonds.

Amendment of Indenture

The Indenture may be amended at any time with the written consents of the Reserve Policy Provider and the Owners of a majority in aggregate principal amount of the outstanding Bonds. No such amendment may (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal or interest at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) permit the creation by the Successor Agency of any mortgage, pledge or lien upon the Tax Revenues superior to the pledge and lien created for the benefit of the Bonds, or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification.

The Indenture and the rights and obligations of the Successor Agency and of the Owners of the Bonds may also be modified or amended at any time, without the consent of any Owners of the Bonds or the Reserve Policy Provider, but only for any one or more of the following purposes:

- (a) to add to the covenants and agreements of the Successor Agency contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power reserved to or conferred upon the Successor Agency;
- (b) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in the Indenture, or in any other respect whatsoever as the Successor Agency deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the Successor Agency and the Trustee;

- (c) to amend any provision of the Indenture to assure the exclusion from gross income of interest on the Series A Bonds for federal income tax purposes under the Tax Code, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee; or
- (d) to provide the terms and provisions applicable to any Parity Debt issued in accordance with the Indenture.

Events of Default and Remedies

Events of Default Defined. Each of the following events constitutes an event of default under and as defined in the Indenture:

- (a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for acceleration or otherwise.
- (b) Failure to pay any installment of interest on the Bonds when due.
- (c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions set forth in the Indenture or in the Bonds which are within its control, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Successor Agency by the Trustee or the Reserve Policy Provider; *provided, however*, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 30-day period, such failure will not constitute an Event of Default if the Successor Agency institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.
- (d) The Successor Agency commences a voluntary case under Title 11 of the United States Code or any substitute or successor statute.
- (e) The occurrence and continuation of an event of default under and as defined in the respective documents authorizing the issuance of any outstanding Parity Debt.

For purposes of determining whether any event of default has occurred under and as described in the preceding clauses (a) or (b), no effect will be given to payments made by the Reserve Policy Provider under the Reserve Policy.

Remedies. If an Event of Default occurs and is continuing, with the prior written consent of the Reserve Policy Provider the Trustee may, and at the written direction of the Reserve Policy Provider or (with the prior written consent of the Reserve Policy Provider) at the written direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of the

Indenture, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity to enforce the rights of the Bond Owners under the Indenture.

Immediately upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee shall give notice of such Event of Default to the Successor Agency and to the Reserve Policy Provider in writing. Such notice shall also state whether the principal of the Bonds has been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable under the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Successor Agency deposits with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at an interest rate equal to the highest rate borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Reserve Policy Provider or (with the prior written consent of the Reserve Policy Provider) the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment extends to or affects any subsequent default, or will impair or exhaust any right or power consequent thereon.

The Trustee is irrevocably appointed as Trustee and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture and applicable provisions of any law.

Application of Funds Upon Acceleration Upon Event of Default. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture (other than in the Reserve Account) upon the occurrence of an Event of Default, and all sums thereafter received by the Trustee, shall be applied by the Trustee as follows and in the following order or priority:

First, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal

counsel) incurred in and about the performance of its powers and duties under the Indenture and the payment of all fees, costs and expenses owing to the Trustee, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by those Bonds, and in case such moneys are insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

Third, to the payment of any amounts owed to the Reserve Policy Provider.

Limitation on Bond Owners' Right to Sue No Bond Owner has the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, unless:

- (a) said Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;
- (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and
- (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

Rights of the Reserve Policy Provider. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Reserve Policy Provider is entitled to control and direct the enforcement of all rights and remedies granted thereunder to the Bond Owners, or to the Trustee for the benefit of the Bond Owners, including but not limited to the right to approve all waivers of any Events of Default. The rights so granted to the Reserve Policy Provider shall be deemed terminated and may not be exercisable by the Reserve Policy Provider during any period during which the Reserve Policy Provider is in default under the Reserve Policy.

Defeasance of Bonds

The Successor Agency may pay and discharge the indebtedness on all or any portion of outstanding Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee or an escrow bank, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under this Indenture, is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;
- (c) by irrevocably depositing with the Trustee or an escrow bank, in trust, Federal Securities in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or
- (d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

Upon such payment, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Successor Agency under the Indenture with respect to the Bonds so defeased will cease and terminate, except only:

- (a) the obligation of the Trustee to transfer and exchange the Bonds,
- (b) the obligation of the Successor Agency to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and
- (c) the obligations of the Successor Agency to compensate and indemnify the Trustee as provided in the Indenture.

Notwithstanding the foregoing provisions, in the event that the principal of and interest on the Bonds are paid by the Reserve Policy Provider under the Reserve Policy, the obligations of the Trustee and the Successor Agency will continue in full force and effect and the Reserve Policy Provider shall be fully subrogated to the rights of all Owners of the Bonds so paid. In addition, the obligations of the Trustee and the Successor Agency under the Indenture will continue in full force and effect, and will not be terminated, until such time as the Successor Agency has paid all amounts (if any) which are due and owing to the Reserve Policy Provider under the Reserve Policy; and the Trustee will not distribute any funds to the Successor Agency under the foregoing provisions unless the Successor Agency has certified to the Trustee that there are no obligations then due and owing by the Successor Agency to the Reserve Policy Provider under the Reserve Policy.

APPENDIX B
MUNICIPAL ADVISOR'S
PROJECTED TAX REVENUES REPORT



HARRELL & COMPANY
A D V I S O R S , L L C

PROJECTED TAX REVENUES

Dissolution Act

On June 29, 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted as Chapter 5, Statutes of 2011. As a result of AB X1 26 and the decision of the California Supreme Court in *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. 2011), as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

AB X1 26 was amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012 and by Senate Bill No. 107 (“SB 107”) enacted as Chapter 325, Statutes of 2015 (as amended from time to time, the “Dissolution Act”).

Pursuant to Section 34173 of the Dissolution Act, the City Council serves as the governing board of the successor agency to the Former Agency. Since the February 1, 2012 dissolution of the Former Agency, the City has served as the Successor Agency to the Buena Park Community Redevelopment Agency (the “Successor Agency”).

Tax Allocation Financing

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, was established and became the base roll. Thereafter, except for any period during which the assessed valuation dropped below the base year level, the taxing agencies, on behalf of which taxes are levied on property within the project area, receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll could be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves had no authority to levy taxes on property.

The Dissolution Act now requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the “Redevelopment Property Tax Trust Fund”) pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedule.

Tax Increment Revenues

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called “taxing agencies”) after the effective date of the ordinance approving the related Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the Project Area, if any, are to be divided as follows:

- (a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the Redevelopment Plan (the “base year valuation”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and
- (b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the Redevelopment Plan, following the date of issuance of the Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above. Pursuant to SB 107, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects, and programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. Within the Project Area, voters within the Metropolitan Water District (“MET”) approved debt service override tax rates, the revenues from which were pledged as security for the payment of debt service on the Prior Bonds. However, neither such overrides levied by MET nor any other overrides levied within the Project Area, are pledged to the payment of debt service on the Bonds.

The amounts calculated in accordance with the provisions described above are referred to herein as “Tax Increment Revenues.”

Redevelopment Plan

The Former Agency had adopted 4 separate Redevelopment Plans and Redevelopment Project Areas. In 2002, the Former Agency merged the Redevelopment Project Areas, creating the Buena Park Consolidated Redevelopment Project (“Consolidated Redevelopment Project” or “Project Area”). The four constituent projects are: (i) the Central Business District Redevelopment Project Area (the “CBD Project”), (ii) Project Area II (“Project Area II”), (iii) Buena Park Redevelopment Project Area III (“Project Area III”), and (iv) Buena Park Redevelopment Project Area IV (“Project Area IV”). The CBD Project is comprised of the original Central Business District Redevelopment Project and additional territories added pursuant to a subsequent amendment to the redevelopment plan for the CBD Project.

Constituent Project Areas Comprising the Consolidated Redevelopment Project

The City Council approved and adopted the Redevelopment Plan for the CBD Project on December 3, 1979, pursuant to Ordinance No. 1069. It was subsequently amended on November 16, 1981 pursuant to Ordinance Nos. 1115 through 1124 to include additional area (referred to herein as the “CBD Project Amendment Area”). The Redevelopment Plan was also amended on July 20, 1992 pursuant to Ordinance No. 1285 to approve certain eminent domain time limitations, on August 15, 1994 pursuant to Ordinance No. 1309 to add limitations prescribed by AB 1290 (see “Plan Limitations” below), again on October 26, 1999 pursuant to Ordinance No. 1395 to establish the last date to incur indebtedness, on March 26, 2002 pursuant to Ordinance No. 1418 to eliminate the time limit to incur debt, on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045 and on March 27, 2007 pursuant to Ordinance No. 1496 to extend the plan limits by two years under the provisions of SB 1096.

The City Council approved and adopted the Redevelopment Plan for Project Area II on October 1, 1984, pursuant to Ordinance No. 1163. It was subsequently amended on August 3, 1987 pursuant to Ordinance No. 1204 to extend eminent domain powers to certain property, on May 7, 1990 pursuant to Ordinance No. 1243 to extend eminent domain powers to certain property, on August 15, 1994 pursuant to Ordinance No. 1309 to add limitations prescribed by AB 1290, on March 26, 2002 pursuant to Ordinance No. 1418 to eliminate the time limit to incur debt, on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045 and on March 27, 2007 pursuant to Ordinance No. 1496 to extend the plan limits by two years under the provisions of SB 1096.

The City Council approved and adopted the Redevelopment Plan for Project Area III on July 9, 1990, pursuant to Ordinance No. 1246. It was subsequently amended on August 15, 1994 pursuant to Ordinance No. 1309 to add limitations prescribed by AB 1290, on March 26, 2002 pursuant to Ordinance No. 1418 to eliminate the time limit to incur debt, and on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045.

The City Council approved and adopted the Redevelopment Plan for Project Area IV on May 7, 2002, pursuant to Ordinance No. 1421. It was subsequently amended on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045.

The City Council concluded proceedings to merge the four redevelopment projects on May 7, 2002 and adopted Ordinance No. 1422, creating the Buena Park Consolidated Redevelopment Project Area. The ordinance also amended the last date for the Former Agency to incur debt with respect to the CBD Project and Project Area II, increased the maximum tax increment to be allocated to the CBD Project to \$250,000,000 and added a combined limit on bonded indebtedness for the Project Area of \$380,000,000.

On June 26, 2007, the City Council adopted Ordinance No. 1501 to amend the Redevelopment Plan for the Project Area to expand the list of redevelopment activities that the Former Agency could undertake in the Project Area. On January 22, 2008, the City Council adopted Ordinance No. 1513 to make technical corrections to the Redevelopment Plan.

Plan Limitations

Under prior law, a redevelopment plan was required to specify certain limits (commonly referred to as “Plan Limits”) with respect to the relevant project area (or component of the project area). Such Plan Limits specify, among other matters, the maximum amount of dollars that the redevelopment agency may receive as tax increment. For reference, the table below sets forth some of the original Plan Limits for the constituent projects.

<u>Constituent Project</u>	<u>Maximum Tax Increment Revenues</u>	<u>Plan Expiration Date</u>	<u>Last Date to Incur Debt</u>	<u>Last Date to Collect Tax Increment</u>
CBD Project and Amendment	\$250,000,000	Dec. 3, 2022/ Nov. 16, 2024	None	Dec. 3, 2032/ Nov. 16, 2034
Project Area II	\$150,000,000	Oct. 1, 2027	None	Oct. 1, 2037
Project Area III	\$405,000,000	July 9, 2031	None	July 9, 2041
Project Area IV	None ⁽¹⁾	May 7, 2033	May 7, 2022	May 7, 2048

⁽¹⁾ As a post-1994 redevelopment project, the Project Area IV was not required to have a limit on total tax increment revenue.

The Redevelopment Plan also established a total bonded indebtedness limit for the Project Area of \$380,000,000.

SB 107, which was enacted in September 2015, contains provisions (the “SB 107 Plan Limits Provisions”) which generally provide that, for the purpose of paying enforceable obligations (as such term is defined by the Dissolution Act), such as the Bonds, the Successor Agency is no longer subject to the Plan Limits. In contrast, for all other purposes, including pass-through payments to taxing entities (which are not “enforceable obligations” because they are now paid not by the Successor Agency but by the County Auditor-Controller directly from Redevelopment Property Tax Trust Fund disbursements), the County Auditor-Controller has confirmed that it will continue to recognize the Plan Limits (whether they apply to an individual constituent redevelopment project or the Project Area). As a matter of practical implementation of the SB 107 Plan Limits Provisions, the County Auditor-Controller will deposit into the Redevelopment Property Tax Trust Fund an amount of property tax revenues derived from a constituent redevelopment project or the Project Area above the Plan Limits only in a situation where there would not be sufficient moneys in the Redevelopment Property Tax Trust Fund to make payments on outstanding enforceable obligations.

Based on the current projections, the Successor Agency expects that the Plan Limit on Tax Increment Revenues for the CBD Project and CBD Project Amendment Area will be reached by 2027 and the Plan Limit on Tax Increment Revenues for Project Area II will be reached by 2033, both prior to the maturity date of the Bonds. Because the remaining Redevelopment Property Tax Trust Fund deposits from Project Area III and Project Area IV are anticipated to be greater than total payments for enforceable obligations (including the debt service payments the Bonds), the Successor Agency expects the County Auditor Controller will not need to make deposits into the Redevelopment Property Tax Trust Fund from the CBD Project, the CBD Project Amendment Area and Project Area II once the original Plan Limits for those constituent redevelopment projects have been reached. The projections of Tax Revenues take these limitations into account.

No Low and Moderate Income Housing Set-Aside

Prior to the Dissolution Act, not less than 20% of Tax Increment Revenues was required to be set aside annually for the purpose of increasing and improving the community’s supply of low and moderate income housing available at affordable housing costs to persons and families of very low, low or moderate income households (the “Housing Set-Aside”). The Dissolution Act eliminated the 20% Housing Set-Aside requirement and none of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund is designated as 20% Housing Set-Aside. There are currently no obligations with a prior claim on the former Housing Set-Aside.

Historical Assessed Value and Tax Increment Revenues

Historical assessed value for the CBD Project based on the equalized tax rolls are shown below.

**TABLE NO. B-1
CBD PROJECT
HISTORICAL ASSESSED VALUATIONS**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured ⁽¹⁾	\$192,521,238	\$203,573,515	\$202,473,838	\$211,402,648	\$225,447,062
Unsecured ⁽¹⁾	<u>18,628,590</u>	<u>15,677,517</u>	<u>24,204,278</u>	<u>30,444,521</u>	<u>27,315,929</u>
Total	211,149,828	219,251,032	226,678,116	241,847,169	252,762,991
Less: Base year ⁽²⁾	<u>(18,651,799)</u>	<u>(18,573,159)</u>	<u>(18,301,879)</u>	<u>(18,584,706)</u>	<u>(18,886,986)</u>
Incremental Increase	\$192,498,029	\$200,677,873	\$208,376,237	\$223,262,463	\$233,876,005

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

Historical assessed value for the Central Business District Redevelopment Project Amendment Area based on the equalized tax rolls are shown below.

**TABLE NO. B-2
CBD PROJECT AMENDMENT AREA
HISTORICAL ASSESSED VALUATIONS**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured ⁽¹⁾	\$600,181,411	\$673,451,675	\$718,820,066	\$796,073,968	\$858,170,952
Unsecured ⁽¹⁾	<u>23,867,773</u>	<u>21,092,142</u>	<u>21,350,062</u>	<u>34,787,997</u>	<u>45,177,133</u>
Total	624,049,184	694,543,817	740,170,128	830,861,965	903,348,085
Less: Base year ⁽²⁾	<u>(65,367,335)</u>	<u>(65,367,335)</u>	<u>(65,351,469)</u>	<u>(65,351,469)</u>	<u>(65,351,469)</u>
Incremental Increase	\$558,681,849	\$629,176,482	\$674,818,659	\$765,510,496	\$837,996,616

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. B-3
PROJECT AREA II
HISTORICAL ASSESSED VALUATIONS**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured ⁽¹⁾	\$436,508,897	\$485,322,051	\$593,552,063 ⁽³⁾	\$605,535,395	\$634,814,984
Unsecured ⁽¹⁾	<u>50,539,656</u>	<u>45,776,582</u>	<u>45,161,987</u>	<u>45,597,741</u>	<u>47,255,628</u>
Total	487,048,553	531,098,633	638,714,050	651,133,136	682,070,612
Less: Base year ⁽²⁾	<u>(99,134,408)</u>	<u>(99,156,746)</u>	<u>(106,562,642)</u>	<u>(106,562,642)</u>	<u>(106,562,642)</u>
Incremental Increase	\$387,914,145	\$431,941,887	\$532,151,408	\$544,570,494	\$575,507,970

(1) Based on the August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

(3) Increase resulting from completion of affordable housing project and 128 market rate townhomes

Source: Orange County Auditor-Controller.

**TABLE NO. B-4
PROJECT AREA III
HISTORICAL ASSESSED VALUATIONS**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured ⁽¹⁾	\$371,553,313	\$405,124,638	\$415,353,629	\$424,793,269	\$425,594,504
Unsecured ⁽¹⁾	<u>24,147,941</u>	<u>27,329,063</u>	<u>21,392,121</u>	<u>21,363,957</u>	<u>22,630,098</u>
Total	395,701,254	432,453,701	436,745,750	446,157,226	448,224,602
Less: Base year ⁽²⁾	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>
Incremental Increase	\$306,560,003	\$343,312,450	\$347,604,499	\$357,015,975	\$359,083,351

(1) Based on the August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. B-5
PROJECT AREA IV
HISTORICAL ASSESSED VALUATIONS**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured ⁽¹⁾	\$3,471,061,972	\$3,626,325,196	\$3,847,295,066	\$4,233,005,874	\$4,441,237,833
Unsecured ⁽¹⁾	<u>236,524,902</u>	<u>225,643,128</u>	<u>215,434,298</u>	<u>256,180,970</u>	<u>250,339,262</u>
Total	3,707,586,874	3,851,968,324	4,062,729,364	4,489,186,844	4,691,577,095
Less: Base year ⁽²⁾	<u>(1,851,457,615)</u>	<u>(1,851,457,615)</u>	<u>(1,852,540,849)</u>	<u>(1,852,540,849)</u>	<u>(1,851,365,849)</u>
Incremental Increase	\$1,856,129,259	\$2,000,510,709	\$2,210,188,515	\$2,636,645,995	\$2,840,211,246

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

Summary assessed values for the Project Area between Fiscal Years 2015-16 and 2019-20 are shown in the tables below, together with the tax increment revenues based on such values.

**TABLE NO. B-6
PROJECT AREA
HISTORICAL ASSESSED VALUATIONS AND TAX INCREMENT**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Total Taxable Value ⁽¹⁾	\$5,425,535,693	\$5,729,315,507	\$6,105,037,408	\$6,659,186,340	\$6,977,983,385
Base Year Value ⁽²⁾	<u>(2,123,752,408)</u>	<u>(2,123,696,106)</u>	<u>(2,131,898,090)</u>	<u>(2,132,180,917)</u>	<u>(2,131,308,197)</u>
Incremental Value	\$3,301,783,285	\$3,605,619,401	\$3,973,139,318	\$4,527,005,423	\$4,846,675,188
Original Tax Levy ⁽³⁾	\$ 33,094,610	\$ 36,156,283	\$ 39,741,146	\$ 45,457,791	\$ 48,719,895 ⁽⁴⁾

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

⁽³⁾ Based on the August 20 equalized roll, and includes unitary revenue, but not supplemental assessments, refunds and other adjustments. See Table No. 10 below for tax levy as adjusted.

⁽⁴⁾ Estimated.

Source: Orange County Auditor-Controller.

**TABLE NO. B-7
REDEVELOPMENT PROPERTY TAX TRUST FUND DEPOSITS**

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
January RPTTF Deposit	\$17,824,490	\$18,925,863	\$20,939,476	\$23,905,859	\$26,433,305
June RPTTF Deposit	<u>13,342,556</u>	<u>14,793,927</u>	<u>16,074,432</u>	<u>18,096,526</u>	<u>21,484,305</u>
Gross RPTTF Deposits ⁽¹⁾	\$31,167,046	\$33,719,790	\$37,013,908	\$42,002,385	\$47,917,610
County Administrative Fees	(294,423)	(312,090)	(200,101)	(312,375)	(300,964)
Tax Sharing	<u>(6,046,183)</u>	<u>(6,889,471)</u>	<u>(8,009,482)</u>	<u>(9,497,736)</u>	<u>(11,669,839)</u>
RPTTF Available	\$24,826,440	\$26,518,229	\$28,804,325	\$32,192,274	\$35,946,807

⁽¹⁾ This is the amount of the former Tax Increment that was received by the County and available to the Successor Agency for the distributions made on January 2 and on June 1 each year.

Source: Orange County Auditor-Controller.

Major Taxpayers

The ten largest property taxpayers represent 12.0% of the 2019-20 total assessed value of the Consolidated Redevelopment Project and 17.3% of the incremental assessed value of the Consolidated Redevelopment Project.

**TABLE NO. B-8
CONSOLIDATED REDEVELOPMENT PROJECT
TEN LARGEST TAXPAYERS AS A PERCENT OF 2019-20 TOTAL
AND INCREMENTAL ASSESSED VALUE**

<u>Taxpayer</u>	<u>2019-20 Total Assessed Value</u>	<u>% of Total Assessed Value</u>	<u>% of Incremental Assessed Value</u>	<u>Constituent Redevelopment Project</u>
The Source at Beach LLC	\$166,810,746	2.4%	3.4%	CBD Amendment/Project Area IV
Centerpoint Properties Trust	136,604,520	2.0%	2.8%	Project Area IV
PRI Buena Park Ind. CA LLC	108,008,135	1.5%	2.2%	Project Area IV
Alticor Inc.	100,480,666	1.4%	2.1%	Project Area II/Project Area IV
Newkoa LLC	81,908,224	1.2%	1.7%	Project Area III
6300 Regio LLC	64,727,718	0.9%	1.3%	Project Area IV
Coventry II DDR Buena Park LLC	52,668,132	0.8%	1.1%	Project Area III/ CBD Amendment
Bottling Group LLC	43,835,153	0.6%	0.9%	Project Area IV
Realty Associates Fund XI LP	42,708,420	0.6%	0.9%	CBD Amendment
Cadigan Brookstone LLC	<u>41,484,140</u>	<u>0.6%</u>	<u>0.9%</u>	Project Area IV
Total	\$839,235,854	12.0%	17.3%	

Source: Successor Agency.

Assessment Appeals

In the last five years, 67.9% of properties for which appeals were filed and heard (not withdrawn) were successful in obtaining a reduction in value and that reduction has averaged approximately 15.2% of the original assessment. A summary of appeals as of July 2019 is shown below.

<u>Lien Year</u>	<u>Appeals Filed</u>	<u>Resolved Appeals</u>	<u>Pending Appeals</u>	<u>Successful Appeals</u>	<u>Success Rate</u>	<u>Successful Appeals</u>		<u>Loss Rate</u>
						<u>Original Value</u>	<u>Value Reduction</u>	
2014/15	51	49	2	33	67.3%	\$133,277,382	\$18,769,628	14.1%
2015/16	60	53	7	35	66.0%	115,797,368	15,095,419	13.0%
2016/17	36	31	5	22	71.0%	111,470,941	16,813,039	15.1%
2017/18	61	24	37	14	58.3%	96,152,855	16,564,551	17.2%
2018/19	<u>77</u>	<u>8</u>	<u>69</u>	<u>8</u>	<u>100.0%</u>	<u>29,650,496</u>	<u>6,460,529</u>	21.8%
	285	165	120	112	67.9%	\$486,349,042	\$73,703,166	15.2%

Source: Harrell & Company Advisors, LLC.

The 2018/19 tax roll value under appeal as of July 2019 is \$385,429,854 (5.7% of assessed value). The 2017/18 tax roll value under appeal as of July 2019 is \$284,585,786 (4.7% of assessed value). As described below, appeals are pending for certain of the ten largest property owners listed in the table “Ten Largest Taxpayers as a Percent of 2019-20 Total and Incremental Assessed Value.”

- Newkoa LLC appealed the 2016-17 value (\$85,329,829) and the 2017-18 value (\$87,050,020) of its property, requested a 50% reduction and was granted a reduction of \$8.1 million for 2016-17 and \$9.1 million for 2017-18. Newkoa also has appeals pending for the 2018-19 value of its property (\$88,790,494) requesting a 77% reduction, or \$68.7 million.
- Coventry II DDR Buena Park Place LP appealed the 2016-17 value of one of three parcels owned, requesting a reduction of 50%. The appeal was withdrawn. The owner has filed an appeal of the 2017-18 value of all three parcels (\$50,619,392), requesting a 50% reduction of \$25.3 million, as well as an appeal of the 2018-19 value of all three parcels (\$51,631,778), requesting a reduction of \$25.9 million.
- Alticor Inc. has appealed the 2017-18 value of its property (\$97,188,970), requesting a 51% reduction, or \$49.1 million. The owner has also appealed the 2018-19 value of its property (\$108,080,843), requesting a 50.4% reduction, or \$54.4 million

No reduction for pending appeals in the Project Area has been incorporated in the projections. Reductions in revenue for refunds resulting from successful appeals or current or prior year appeals have also not been incorporated into the projections. The success rate of appeals, reductions granted and refunds may vary from historical averages.

Tax Collections

The County has not adopted the “Teeter Plan” method of distributing property taxes to taxing agencies, including redevelopment agencies. Consequently property tax payments are adjusted for delinquencies, redemption, penalties or interest and Tax Increment Revenues for the Project Area represent actual collections.

The following table shows the property tax collection rates for the Project Area from Fiscal Year 2014-15 to Fiscal Year 2018-19.

**TABLE NO. B-9
TAX COLLECTION RATES**

Fiscal Year	Original Levy ⁽¹⁾	Supplemental/ Adjustments	Available to Remit to the Successor Agency ⁽²⁾⁽³⁾	Collection Percentage ⁽⁴⁾
2014-15	\$30,332,599	\$1,029,701	\$31,094,155	98.7%
2015-16	33,094,610	2,102,874	34,044,156	98.6%
2016-17	36,156,283	3,066,788	37,740,009	98.1%
2017-18	39,741,146	4,251,291	41,453,530	98.9%
2018-19	45,457,791	3,458,299	47,631,797	97.7%

(1) Based on the August 20 equalized roll.

(2) Includes supplemental assessments, collection of prior years’ delinquent taxes, penalties, current year delinquencies, refunds, impounds but excludes county administrative charges and allocated interest.

(3) Based on the normal collection cycle, not the RPTTF distribution cycle.

(4) Based on data provided by Orange County, these percentages represent the payment of taxes in the year actually levied, not including supplemental assessments.

Source: Orange County Auditor-Controller.

Tax Sharing Agreements

Pursuant to prior Section 33401(b) of the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project to alleviate any financial burden or detriment caused by the redevelopment project. These agreements are commonly known as “tax sharing agreements” or “pass-through agreements” and are referred to herein as “Contractual Tax Sharing Agreements.” The following describes the agreements entered into with respect to the Project Areas.

For the purpose of calculating tax sharing under either Section 33401 or 33607 of the Redevelopment Law (described under the caption “Tax Sharing Statutes”), the Dissolution Act provides that, if applicable, the amount of tax sharing payments shall be computed as though the requirement to set aside funds for the Low and Moderate Income Housing Fund was still in effect.

Project Area II

County of Orange General Fund and Flood Control District. Pursuant to its agreement with Orange County, including the General Fund and Flood Control, the Successor Agency is to pay the County 100% of its share of Tax Increment derived from the annual 2% (or less) inflation adjustment, 50% of the General Fund share in excess of the inflation revenue, and 80% of the Flood Control share in excess of the inflation revenue.

Orange County Water District. In each year, commencing with fiscal year 1985-86, the Successor Agency will pay to the Water District a sum equal to 50% of the Water District share of the tax increment revenues.

Buena Park Library District. The Library District is to receive 100% of its share of Tax Increment derived from the annual inflation adjustment, and 80% of tax increment in excess of the inflation revenue. This obligation is subordinate to bond indebtedness.

Anaheim Union High School District. The Successor Agency pays the School District 12% of the School District's share of tax increment derived from that portion of the project (approximately 20%) that is attributed to the School District.

Fullerton Union High School District. The Successor Agency pays the School District 12% of the School District's share of tax increment derived from the portion of the project (approximately 80%) that is attributed to the School District.

Orange County Board of Education. The Successor Agency pays annually to the Orange County Board of Education 25% of the Board's share of tax increment from Project Area II.

Project Area III

County of Orange General Fund and Harbors Beaches, and Parks. Pursuant to its agreement with Orange County General Fund and Harbors Beaches and Parks, the Successor Agency is to pay 55% of their combined share (5.65%) share of general levy tax increment.

Orange County Flood Control. The Orange County Flood Control District receives 100% of its share (1.81%) of general levy tax increment.

Orange County Board of Education. The Successor Agency pays annually to the Orange County Board of Education 100% of its share (3.39%) of Tax Increment derived from the annual inflation adjustment, and 40% of tax increment in excess of the inflation revenue.

Orange County Vector Control. Pursuant to its agreement with the Orange County Vector Control department, the Successor Agency pays the department annually its share (0.10%) of general levy tax increment.

Orange County Water District. The Water District receives its 50% of its share (0.74%) of the general levy tax increment.

North Orange County Community College District. The Community College District receives 100% of its share (6.39%) of Tax Increment derived from the annual inflation adjustment, and 40% of tax increment in excess of the inflation revenue.

Anaheim Union High School District. For each fiscal year, the Successor Agency pays the School District 50% of its stipulated share of tax increment (14.4%) over the entirety of the Project Area.

Fullerton Union High School District. The Successor Agency pays the School District 25% of the School District's share (20.6%) of tax increment derived from the portion of the project that is attributed to the School District. The School District's weighted average share of the entire project is 3.02%.

Buena Park School District. The School District receives 50% of its share (23.1%) of Tax Increment derived from the annual inflation adjustment from that portion of the project area that is attributed to the School District. The School District also receives 50% of its weighted average share (3.39%) of tax increment from the entire project area net of the inflationary amount.

Centralia School District. The School District receives 100% of its share (33.0%) of Tax Increment derived from the annual inflation adjustment from that portion of the project are that is attributed to the School District. The School District also receives 23.56% of its weighted average share (28.0%) of tax increment from the entire project area net of the inflationary amount.

Buena Park Library District. The Library District receives 80% of its share (2.89%) of general levy tax increment. This obligation is subordinate to bond indebtedness.

Tax Sharing Statutes

Certain provisions were added to the Redevelopment Law by the adoption of AB 1290 in 1994. A discussion of these provisions as they relate to the Project Area follows. If new territory was added to a Redevelopment Project, under Section 33607.5 of the Redevelopment Law, any affected taxing entity would share in the tax increment revenues generated by such added area pursuant to a statutory formula (“Statutory Tax Sharing”).

In addition, pursuant to Section 33333.6(e)(2) of the Redevelopment Law, if the Former Agency deleted the time limit to incur indebtedness in a Redevelopment Project or increased the total amount of Tax Increment Revenues to be allocated to a Redevelopment Project or increases the duration of the redevelopment plan for a Redevelopment Project and the period for receipt of tax increment revenues, Statutory Tax Sharing will also be required under Section 33607.7 of the Redevelopment Law with all affected taxing agencies not already a party to a Contractual Tax Sharing Agreement, once the original limitations have been reached. The original limitation is shown in the following table, and payments to taxing entities pursuant to Section 33607.7, commenced in the fiscal year shown below.

<u>Project Area</u>	<u>Last Date to Incur Debt Prior to Elimination</u>	<u>Payments Under Tax Sharing Statutes Commenced</u>
Central Business District	1/1/2004	2004-05
CBD Amendment	1/1/2004	2004-05
Project Area II	1/1/2004	2004-05
Project Area III	6/18/2000	2010-11

Source: Successor Agency.

In general, the amounts to be paid pursuant to Statutory Tax Sharing are as follows:

- (a) commencing in the first fiscal year after the limitation has been reached, an amount equal to 25% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted;
- (b) in addition to amounts payable as described in (a) above, commencing in the 11th fiscal year after the limitation has been reached, an amount equal to 21% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 10th fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted; and
- (c) in addition to amounts payable as described in (a) and (b) above, commencing in the 31st fiscal year after the limitation has been reached, an amount equal to 14% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in

the preceding 30th fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.

- (d) The City may elect to receive a portion of the tax increment generated in (a) above, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.
- (e) The Successor Agency may subordinate the amount required to be paid to an affected taxing entity to any indebtedness after receiving the consent of the taxing entity.

With respect to a taxing entity that is a party to a tax sharing agreement, tax sharing payments would continue pursuant to the Tax Sharing Agreement after the original limitations in the Redevelopment Plan were passed.

Projected Tax Revenues

Deposits in the Redevelopment Property Tax Trust Fund in the amounts and at the times projected by the Successor Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. The projections of Tax Increment Revenues and the corresponding Tax Revenues from the Project Area shown on the following tables were based on the assumptions shown below. The Municipal Advisor believes the assumptions upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur.

- (a) The 2019-20 secured roll was increased by 2% annually for inflation in future years.
- (b) The values of unsecured personal property have been maintained throughout the projections at the 2019-20 unsecured roll value.
- (c) The amount of unitary revenues have been maintained throughout the projections at their 2018-19 amount of \$253,143.
- (d) For the purposes of the projections, it was assumed that no additional assessed value would be added to the tax rolls as a result of new construction.
- (e) No potential future Proposition 8 adjustments or potential reductions in value as a result of pending assessment appeals are reflected in the projections.
- (f) A tax rate of \$1.00 per \$100 of assessed value applied to the taxable property in the Project Areas was used to determine Tax Increment Revenues.
- (g) Projected Tax Revenues do not reflect supplemental property taxes.
- (h) Projected Tax Revenues include a deduction for administrative costs charged by Orange County.
- (i) Projected Tax Revenues include a deduction for payments due to taxing agencies under Contractual Tax Sharing Agreements or applicable Tax Sharing Statutes, including the subordinate payments to the Buena Park Library District.
- (j) No Tax Increment Revenues are projected to be deposited in the Redevelopment Property Tax Trust Fund for the CBD Project and Project Area II once the limit for receiving Tax Increment Revenues based on the Redevelopment Plan for CBD Project and Project Area II is reached.

**TABLE NO. B-10
PROJECTED TAX REVENUES
CONSOLIDATED PROJECT AREA**

	<u>Tax Revenues by Constituent Project</u>					<u>County</u>	<u>Total</u>
	<u>Central Business District</u>	<u>CBD Amendment</u>	<u>Project Area II</u>	<u>Project Area III</u>	<u>Project Area IV</u>	<u>Admin Charge</u>	
2020	\$1,993,000	\$6,953,000	\$4,393,000	\$2,381,000	\$20,409,000	\$(325,000)	\$35,804,000
2021	2,021,000	7,062,000	4,474,000	2,428,000	20,971,000	(333,000)	36,623,000
2022	2,051,000	7,173,000	4,554,000	2,479,000	21,543,000	(340,000)	37,460,000
2023	2,080,000	7,285,000	4,637,000	2,531,000	22,127,000	(348,000)	38,312,000
2027	2,111,000	7,401,000	4,721,000	2,579,000	22,722,000	(356,000)	39,178,000
2028	2,141,000	7,517,000	4,807,000	2,632,000	23,331,000	(364,000)	40,064,000
2026	2,172,000	7,638,000	4,896,000	2,687,000	23,950,000	(372,000)	40,971,000
2027	1,058,000	3,722,000	4,986,000	2,741,000	24,583,000	(334,000)	36,756,000
2028	-	-	5,078,000	2,798,000	25,227,000	(298,000)	32,805,000
2029	-	-	5,173,000	2,856,000	25,885,000	(305,000)	33,609,000
2030	-	-	5,267,000	2,912,000	26,555,000	(313,000)	34,421,000
2031	-	-	5,366,000	2,973,000	27,240,000	(320,000)	35,259,000
2032	-	-	5,464,000	3,033,000	27,939,000	(328,000)	36,108,000
2033	-	-	5,565,000	3,095,000	28,650,000	(336,000)	36,974,000
2034	-	-	-	3,160,000	29,248,000	(292,000)	32,116,000
2035	-	-	-	3,221,000	29,857,000	(298,000)	32,780,000

**TABLE NO. B-11
PROJECTED TAX REVENUES
CBD REDEVELOPMENT PROJECT**

	Gross Tax <u>Increment</u>	Statutory Tax <u>Sharing</u>	Tax <u>Revenue</u>
2020	2,372,000	(379,000)	1,993,000
2021	2,417,000	(396,000)	2,021,000
2022	2,463,000	(412,000)	2,051,000
2023	2,510,000	(430,000)	2,080,000
2024	2,558,000	(447,000)	2,111,000
2025	2,606,000	(465,000)	2,141,000
2026	2,656,000	(484,000)	2,172,000
2027	1,299,000	(241,000)	1,058,000

**TABLE NO. B-12
PROJECTED TAX REVENUES
CBD REDEVELOPMENT PROJECT AMENDMENT AREA**

	Gross Tax <u>Increment</u>	Statutory Tax <u>Sharing</u>	Tax <u>Revenue</u>	<u>Cumulative</u>
2020	\$8,442,000	\$(1,489,000)	\$6,953,000	\$174,449,000
2021	8,614,000	(1,552,000)	7,062,000	185,480,000
2022	8,789,000	(1,616,000)	7,173,000	196,732,000
2023	8,967,000	(1,682,000)	7,285,000	208,209,000
2024	9,150,000	(1,749,000)	7,401,000	219,916,000
2025	9,335,000	(1,818,000)	7,517,000	231,858,000
2026	9,525,000	(1,887,000)	7,638,000	244,039,000
2027	4,662,000	(940,000)	3,722,000	250,000,000

**TABLE NO. B-13
PROJECTED TAX REVENUES
PROJECT AREA II**

	Gross Tax <u>Increment</u>	Contractual Tax Sharing						Buena Park <u>Library</u>	Statutory Tax <u>Sharing</u>	Tax <u>Revenue</u>	<u>Cumulative</u>
		Orange <u>County</u>	OC <u>Flood</u>	OC <u>Water</u>	OC <u>BOE</u>	High <u>Schools</u>					
2020	\$5,792,000	\$(236,000)	\$(109,000)	\$(20,000)	\$(52,000)	\$(138,000)	\$(146,000)	\$ (698,000)	\$4,393,000	\$ 62,097,000	
2021	5,919,000	(242,000)	(112,000)	(20,000)	(53,000)	(141,000)	(149,000)	(728,000)	4,474,000	68,016,000	
2022	6,048,000	(249,000)	(115,000)	(21,000)	(54,000)	(144,000)	(152,000)	(759,000)	4,554,000	74,064,000	
2023	6,180,000	(255,000)	(118,000)	(21,000)	(55,000)	(148,000)	(156,000)	(790,000)	4,637,000	80,244,000	
2024	6,315,000	(262,000)	(121,000)	(22,000)	(57,000)	(151,000)	(159,000)	(822,000)	4,721,000	86,559,000	
2025	6,452,000	(269,000)	(124,000)	(22,000)	(58,000)	(154,000)	(163,000)	(855,000)	4,807,000	93,011,000	
2026	6,592,000	(276,000)	(127,000)	(23,000)	(59,000)	(157,000)	(166,000)	(888,000)	4,896,000	99,603,000	
2027	6,735,000	(283,000)	(130,000)	(23,000)	(60,000)	(161,000)	(170,000)	(922,000)	4,986,000	106,338,000	
2028	6,881,000	(290,000)	(133,000)	(24,000)	(62,000)	(164,000)	(173,000)	(957,000)	5,078,000	113,219,000	
2029	7,030,000	(297,000)	(136,000)	(24,000)	(63,000)	(168,000)	(177,000)	(992,000)	5,173,000	120,249,000	
2030	7,182,000	(305,000)	(140,000)	(25,000)	(64,000)	(172,000)	(181,000)	(1,028,000)	5,267,000	127,431,000	
2031	7,337,000	(312,000)	(143,000)	(25,000)	(66,000)	(175,000)	(185,000)	(1,065,000)	5,366,000	134,768,000	
2032	7,494,000	(320,000)	(146,000)	(26,000)	(67,000)	(179,000)	(189,000)	(1,103,000)	5,464,000	142,262,000	
2033	7,655,000	(328,000)	(150,000)	(26,000)	(69,000)	(183,000)	(193,000)	(1,141,000)	5,565,000	149,917,000	

**TABLE NO. B-14
PROJECTED TAX REVENUES
PROJECT AREA III**

Contractual Tax Sharing

	Gross Tax Increment	Orange County	OC Flood	OC Water	OC Vector	OC BOE	Buena Park Library	North Orange College	School Districts	Statutory Tax Sharing	Tax Revenue
2020	\$3,610,000	\$(112,000)	\$(65,000)	\$(13,000)	\$(4,000)	\$ (74,000)	\$ (83,000)	\$(138,000)	\$ (703,000)	\$ (37,000)	\$2,381,000
2021	3,695,000	(115,000)	(67,000)	(14,000)	(4,000)	(76,000)	(85,000)	(143,000)	(721,000)	(42,000)	2,428,000
2022	3,782,000	(118,000)	(68,000)	(14,000)	(4,000)	(78,000)	(87,000)	(147,000)	(740,000)	(47,000)	2,479,000
2023	3,871,000	(120,000)	(70,000)	(14,000)	(4,000)	(81,000)	(89,000)	(151,000)	(759,000)	(52,000)	2,531,000
2024	3,961,000	(123,000)	(72,000)	(15,000)	(4,000)	(83,000)	(92,000)	(156,000)	(779,000)	(58,000)	2,579,000
2025	4,053,000	(126,000)	(73,000)	(15,000)	(4,000)	(86,000)	(94,000)	(161,000)	(799,000)	(63,000)	2,632,000
2026	4,147,000	(129,000)	(75,000)	(15,000)	(4,000)	(88,000)	(96,000)	(165,000)	(819,000)	(69,000)	2,687,000
2027	4,243,000	(132,000)	(77,000)	(16,000)	(4,000)	(91,000)	(98,000)	(170,000)	(840,000)	(74,000)	2,741,000
2028	4,341,000	(135,000)	(79,000)	(16,000)	(4,000)	(93,000)	(100,000)	(175,000)	(861,000)	(80,000)	2,798,000
2029	4,441,000	(138,000)	(80,000)	(16,000)	(4,000)	(96,000)	(103,000)	(180,000)	(882,000)	(86,000)	2,856,000
2030	4,542,000	(141,000)	(82,000)	(17,000)	(5,000)	(99,000)	(105,000)	(185,000)	(904,000)	(92,000)	2,912,000
2031	4,646,000	(144,000)	(84,000)	(17,000)	(5,000)	(101,000)	(107,000)	(190,000)	(927,000)	(98,000)	2,973,000
2032	4,752,000	(148,000)	(86,000)	(18,000)	(5,000)	(104,000)	(110,000)	(195,000)	(949,000)	(104,000)	3,033,000
2033	4,860,000	(151,000)	(88,000)	(18,000)	(5,000)	(107,000)	(112,000)	(201,000)	(973,000)	(110,000)	3,095,000
2034	4,970,000	(154,000)	(90,000)	(18,000)	(5,000)	(110,000)	(115,000)	(206,000)	(996,000)	(116,000)	3,160,000
2035	5,082,000	(158,000)	(92,000)	(19,000)	(5,000)	(113,000)	(118,000)	(212,000)	(1,021,000)	(123,000)	3,221,000

**TABLE NO. B-15
PROJECTED TAX REVENUES
PROJECT AREA IV**

	Gross Tax <u>Increment</u>	Statutory Tax <u>Sharing</u>	Tax <u>Revenue</u>
2020	\$28,504,000	\$ (8,095,000)	\$20,409,000
2021	29,393,000	(8,422,000)	20,971,000
2022	30,299,000	(8,756,000)	21,543,000
2023	31,223,000	(9,096,000)	22,127,000
2024	32,165,000	(9,443,000)	22,722,000
2025	33,127,000	(9,796,000)	23,331,000
2026	34,107,000	(10,157,000)	23,950,000
2027	35,108,000	(10,525,000)	24,583,000
2028	36,128,000	(10,901,000)	25,227,000
2029	37,169,000	(11,284,000)	25,885,000
2030	38,230,000	(11,675,000)	26,555,000
2031	39,313,000	(12,073,000)	27,240,000
2032	40,418,000	(12,479,000)	27,939,000
2033	41,544,000	(12,894,000)	28,650,000
2034	42,693,000	(13,445,000)	29,248,000
2035	43,865,000	(14,008,000)	29,857,000

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APPENDIX C

CITY OF BUENA PARK INFORMATION STATEMENT

General Information

Incorporated in 1953, the City of Buena Park encompasses approximately ten square miles and is located at the northwest border of Orange County, bordering Los Angeles County. It is 25 miles southeast of downtown Los Angeles. Neighboring communities include Anaheim, Cerritos, Cypress, Fullerton, La Mirada, and La Palma.

General Organization

The City originally was incorporated in 1953 as a general law city. In November 2008, the qualified electors within the City voted to convert the City to a charter city.

In 2016, the City adopted a new by-district voting system. The by-district voting system replaces the previous at-large electoral voting system. The new system includes five voting districts. The City Council's five members provide the policy-setting and legislative functions of the City for four-year overlapping terms. The Mayor is elected by the City Council for a one-year term and is the presiding officer of the City Council.

The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City.

Governmental Services

The City provides police protection, sewer maintenance, water, trash collection, street sweeping, park maintenance and building inspection. It cooperates with Orange County in the provisions of flood control and contracts with the Orange County Fire Authority for fire protection and emergency paramedic services. The City's Police Department has 135 full-time personnel, including 94 sworn officers and 41 non-sworn full-time personnel, as well as additional part-time personnel serving the community.

Six elementary school districts and two high school districts serve the students living within the City. In addition, there are six special education schools and five private schools in the City. Nearby are Cypress Community College, Fullerton College, and California State University, Fullerton, as well as several other junior and state colleges and universities within an easy commuting distance of the City.

Transportation

Highways: The Santa Ana Freeway (Interstate 5), a major northwest-southeast corridor and the Artesia Freeway (State Highway 91) an east-west highway both intersect the City. State Highway 39 (Beach Boulevard) is the major north-south thoroughfare through the City. Buena Park is also within minutes of the San Gabriel River Freeway (Interstate 605), a north-south freeway to the west, and the San Diego Freeway (Interstate 405) a northwest-southwest freeway south of the City.

Rail: Rail freight service is available from Southern Pacific, national Amtrak, Metrolink and Atchison, Topeka & Santa Fe Railroads. Water transportation is available at Long Beach and Los Angeles harbors, one hour west. In addition, truck freight service is available from both local and national trucking companies.

Bus: Bus service is provided by Orange County Rapid Transit District and Southern California Rapid Transit District. Overland bus service is available with Greyhound Busline.

Air: Air cargo and passenger flight services are provided at Los Angeles International Airport, 25 miles west, which is served by all major airlines; Long Beach Airport, 12 miles southwest; John Wayne Airport in Orange County, 18 miles southeast of the City. All of these airports provide regional service. Fullerton Municipal Airport, 1 mile to the east, also provides freight services as well as commuter services to Los Angeles International Airport.

Population

The following table provides population growth for Buena Park and Orange County between 2015 and 2019.

**TABLE NO. C-1
CHANGE IN POPULATION
BUENA PARK AND ORANGE COUNTY
2015 – 2019**

January 1 <u>Year</u>	<u>BUENA PARK</u>		<u>ORANGE COUNTY</u>	
	<u>Population</u>	<u>Percentage Change</u>	<u>Population</u>	<u>Percentage Change</u>
2015	82,777		3,155,578	
2016	82,842	0.1%	3,174,945	0.6%
2017	83,746	1.1%	3,199,509	0.8%
2018	83,594	(0.2)%	3,213,275	0.4%
2019	83,384	(0.3)%	3,222,498	0.3%
% Change Between 2015 - 2019		0.7%	2.1%	

Source: State of California, Department of Finance, “E-4 Population Estimates for Cities, Counties and the State, 2011-2019, with 2010 Census Benchmark” Sacramento, California, May 2019.

Per Capita Personal Income

The most recent available per capita personal income information for Buena Park, Orange County, the State of California and the United States are summarized in the following table.

TABLE NO. C-2
PER CAPITA PERSONAL INCOME
CITY OF BUENA PARK, ORANGE COUNTY, STATE OF CALIFORNIA AND UNITED STATES
2013 – 2017

<u>Year</u>	<u>Buena Park</u>	<u>Orange County ⁽¹⁾</u>	<u>State of California ⁽¹⁾</u>	<u>United States ⁽¹⁾</u>
2013	\$22,972	\$54,594	\$49,173	\$44,826
2014	22,924	57,110	52,237	47,025
2015	23,390	61,178	55,679	48,940
2016	24,185	62,763	57,497	49,831
2017	24,236	65,400	59,796	51,640

⁽¹⁾ For Orange County, State of California and United States, per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2013-2017 reflect county population estimates available as of March 2018.

Note: All dollar estimates are in thousands of current dollars (not adjusted for inflation).

Last updated: March 6, 2019.

Source: U.S. Department of Commerce, Bureau of Economic Analysis; and City of Buena Park Comprehensive Annual Financial Report.

Employment

As of August 2019, the civilian labor force for the City was approximately 40,400 of whom 39,000 were employed. The unadjusted unemployment rate as of August 2019 was 3.4% for the City as compared to 3.0% for the County and 4.2% for the State. Civilian labor force, employment and unemployment statistics for the City, County, the State and the nation, for the years 2014 through 2018 are shown in the following table:

**TABLE NO. C-3
CITY OF BUENA PARK
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES**

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
<u>2014</u>				
City of Buena Park	39,400	37,600	1,900	4.7%
Orange County	1,569,000	1,482,900	86,100	5.5%
California	18,714,700	17,310,900	1,403,800	7.5%
United States	155,922,000	146,305,000	9,617,000	6.2%
<u>2015</u>				
City of Buena Park	39,700	38,200	1,500	3.8%
Orange County	1,598,800	1,534,100	64,700	4.0%
California	18,851,100	17,681,800	1,169,200	6.2%
United States	157,130,000	148,834,000	8,296,000	5.3%
<u>2016</u>				
City of Buena Park	40,300	38,600	1,800	4.4%
Orange County	1,598,800	1,534,100	64,700	4.0%
California	19,044,500	18,002,800	1,041,700	5.5%
United States	159,187,000	151,436,000	7,751,000	4.9%
<u>2017</u>				
City of Buena Park	40,300	38,800	1,600	3.9%
Orange County	1,609,800	1,553,400	56,400	3.5%
California	19,205,300	18,285,500	919,800	4.8%
United States	160,320,000	153,337,000	6,982,000	4.4%
<u>2018</u>				
City of Buena Park	40,700	39,400	1,300	3.2%
Orange County	1,625,400	1,577,900	47,500	2.9%
California	19,398,200	18,582,800	815,400	4.2%
United States	162,075,000	155,761,000	6,314,000	3.9%

Note: The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

Source: California State Employment Development Department and United States Bureau of Labor Statistics.

Industry

The City is located in the Anaheim-Santa Ana-Irvine Metropolitan Division (“MD”). The August 2019 unemployment rate in the MD was 3.0%. The State of California August 2019 unemployment rate (unadjusted) was 4.2%.

TABLE NO. C-4
ANAHEIM-SANTA ANA-IRVINE MD
WAGE AND SALARY WORKERS BY INDUSTRY ⁽¹⁾
(in thousands)

<u>Industry</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Government	145.2	146.2	145.7	146.5	144.1
Other Services	49.0	50.7	50.2	51.5	50.0
Leisure and Hospitality	207.6	215.9	222.0	226.2	233.8
Educational and Health Services	197.4	203.2	213.7	224.4	228.3
Professional and Business Services	289.8	297.3	307.8	320.4	323.1
Financial Activities	117.6	119.1	119.7	118.9	120.0
Information	25.3	26.4	26.9	27.0	26.9
Transportation, Warehousing and Utilities	26.8	27.2	28.2	29.2	29.3
Service Producing					
Retail Trade	151.2	151.7	152.7	152.1	149.8
Wholesale Trade	79.2	79.3	79.0	80.2	81.8
Manufacturing					
Nondurable Goods	41.9	42.1	43.3	42.2	42.0
Durable Goods	116.8	116.5	117.5	118.0	118.8
Goods Producing					
Construction	94.9	99.5	104.5	109.3	110.5
Mining and Logging	<u>0.4</u>	<u>0.4</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
Total Nonfarm	1,543.1	1,575.5	1,611.7	1,646.4	1,658.9
Farm	<u>2.4</u>	<u>2.3</u>	<u>2.1</u>	<u>2.0</u>	<u>1.8</u>
Total (all industries)	<u>1,545.5</u>	<u>1,577.8</u>	<u>1,613.8</u>	<u>1,648.4</u>	<u>1,660.7</u>

⁽¹⁾ Annually, as of August.

Source: State of California Employment Development Department, Labor Market Information Division, “*Industry Employment & Labor Force - by month, March 2018 Benchmark.*”

**TABLE NO. C-5
CITY OF BUENA PARK
PRINCIPAL EMPLOYERS**

The principal employers operating within the City and their respective number of employees as of June 30, 2018 are as follows:

<u>Name of Company</u>	<u>Employment</u>	<u>Type of Business/Service</u>
Knott's Berry Farm	5,071	Amusement Park
J.C. Penney	526	Department Store
Leach Corporation	483	Electrical/Electronics
Access Business Group, LLC	479	Distribution
Pepsi	477	Distribution
RIA Financial/AFEX Money Express	401	Financial Services
SYSCO Riverside, Inc.	375	Food Products Supplier
Yamaha Corporation of America	350	Manufacturing
Select Staffing Real Time Staffing Services	332	Employment Services
Golden State Food Corp.	300	Foodservice Company

Source: City of Buena Park.

The City is not aware of any significant changes in its largest employers since June 2018.

Commercial Activity

The following table summarizes the volume of retail sales and taxable transactions for the City of Buena Park for 2014 through 2018 (the most recent year for which statistics are available from the California Department of Tax and Fee Administration for the full year).

**TABLE NO. C-6
CITY OF BUENA PARK
TOTAL TAXABLE TRANSACTIONS
(in thousands)
2014 – 2018**

<u>Year</u>	<u>Retail and Food Services</u>		<u>Retail and Food Services</u>		<u>Total Taxable Transactions</u>		<u>Issued Sales</u>	
	<u>(\$000's)</u>	<u>% Change</u>	<u>Permits</u>	<u>(\$000's)</u>	<u>% Change</u>	<u>Permits</u>		
2014	1,811,749		1,315	2,264,394		1,992		
2015	1,345,823	(25.7)%	1,409	1,791,525	(20.9)%	2,256		
2016	1,391,183	3.4%	1,413	1,830,003	2.2%	2,294		
2017	1,443,561	3.8%	1,489	1,902,824	4.0%	2,375		
2018	1,618,310	12.1%	1,552	2,142,182	12.6%	2,523		

Source: California Department of Tax and Fee Administration, "Taxable Sales in California Cities, by Type of Business."

Taxable transactions by type of business for the City of Buena Park for 2014 through 2018 (the most recent year for which statistics are available from the California Department of Tax and Fee Administration for the full year) are summarized in Table No. C-7.

TABLE NO. C-7
CITY OF BUENA PARK
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
(in thousands)
2013 – 2017

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<i>Retail and Food Services</i>					
Clothing and Clothing					
Accessories Stores	\$ 47,927	\$ 53,163	\$ 56,394	\$ 57,514	\$ 60,404
General Merchandise Stores	119,650	120,922	120,907	117,445	118,178
Food and Beverage Stores	41,051	42,255	43,393	42,497	46,251
Food Services and Drinking Places	199,329	222,877	239,035	252,669	267,436
Home Furnishings and					
Appliance Stores	#	28,195	20,845	19,910	17,212
Building Materials and Garden					
Equipment and Supplies	#	29,284	34,588	33,909	33,117
Motor Vehicle and Parts Dealers	646,689	699,404	733,514	772,140	917,415
Gasoline Stations	81,148	76,674	68,577	77,259	85,946
Other Retail Group	<u>675,956 #</u>	<u>73,049</u>	<u>73,929</u>	<u>70,218</u>	<u>72,351</u>
Total Retail and Food Services	1,811,749	1,345,823	1,391,183	1,443,561	1,618,311
<i>All Other Outlets</i>					
	<u>452,645</u>	<u>445,702</u>	<u>438,820</u>	<u>459,263</u>	<u>523,872</u>
Total All Outlets	<u>\$2,264,394</u>	<u>\$1,791,525</u>	<u>\$1,830,003</u>	<u>\$1,902,824</u>	<u>\$2,142,183</u>

Sales omitted because their publication would result in the disclosure of confidential information. These are included with “Other Retail Group” when possible.

Note: Detail may not compute to total due to rounding.

Source: California Department of Tax and Fee Administration, “Taxable Sales in California Cities, by Type of Business.”

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APPENDIX D
CITY AUDITED FINANCIAL STATEMENTS FOR THE FISCAL
YEAR ENDED JUNE 30, 2018

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City of Buena Park, California

Comprehensive Annual Financial Report

With Report on Audit by
Independent Certified Public Accountants

For the Year Ended
June 30, 2018



Prepared by:
Finance Department
Sung Hyun, Director

**City of Buena Park
 Comprehensive Annual Financial Report
 For the year ended June 30, 2018**

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December 21, 2018

Honorable Mayor and Members of the City Council
City of Buena Park
Buena Park, California

It is my pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Buena Park (the City) for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

The City's financial statements have been audited by Badawi & Associates, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2018. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

City of Buena Park Profile

The City of Buena Park was incorporated on January 27, 1953, as a General Law City. In November 2008, voters adopted a City Charter. The City of Buena Park is located at the northwest edge of Orange County, which is located in the southwestern part of the State of California. It occupies a land area of 10.27 square miles and provides a full range of services, including police protection, street and other infrastructure construction and maintenance, and recreational activities to its population of 83,995.

The City of Buena Park operates under the council-manager form of government. In 2016, the City adopted a new by-district voting system. The by-district voting system replaces the previous at-large electoral voting system. The new system includes five voting districts, which will ultimately be represented by elected council members that live in each area. The City Council's five members provide the policy-setting and legislative functions of the City for four-year overlapping terms. Elections are held in November of even-numbered years, with either two or three seats to be filled. In 2018, the Council seats for District 1, District 2, and District 5 will be up for election. In 2020, the Council seats for District 3 and District 4 will be up for election. The Mayor is elected by City Council for a one-year term and is the presiding officer of the Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Clerk, and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The annual budget serves as the foundation for the City's financial planning and policy making. The City Manager presents the proposed budget to the City Council for review prior to the beginning of each fiscal year. The budget is prepared according to fund, function (e.g., public safety), and department (e.g., police). The City Manager or Department Heads may make certain transfers of appropriations within a department. However, the City Manager's approval is required to transfer resources from an operating account to a capital account and to transfer appropriations between departments. Starting in fiscal year 2008-09, the City went to a two year budget process with the goals of saving staff resources and providing a longer term financial plan. The City adopts two separate annual budgets for each respective fiscal year. The items for consideration for the second fiscal year are limited to an exception basis.

The financial activities of the Buena Park Public Financing Authority, for which the City serves as the governing body, are also included in this report.

Local Economy

Buena Park is home to the world-famous Knott's Berry Farm, one of the nation's most popular and largest theme amusement parks. Also located in Buena Park are the

Medieval Times Dinner and Tournament, Pirate's Dinner Adventure, and Knott's Soak City. These attractions drive the tourism industry in the City.

In addition to the entertainment-type businesses, Buena Park also offers a complete selection of hotels, restaurants, commercial centers, office complexes, business parks, and the Buena Park Mall. Major nationally recognized employers in the City of Buena Park include Nutrilite, Yamaha, and Georgia Pacific. The City's Auto Center includes dealers of BMW, Buick/GMC, Chevrolet, Chrysler/Dodge/Jeep/Ram, Ford, Honda, Mercedes-Benz, Nissan, Tesla, and Toyota vehicles, as well as a CarMax Auto Superstore.

Nationally, current economic conditions remain favorable, with some areas softening. Overall, growth indicators continue to be positive. Unemployment and inflation remain low and consumer confidence remains strong. However, growth in retail sales is slowing and the housing sector is softening as mortgage rates have increased. Locally, the City continues to experience positive economic growth. However, the growth in tourism has slowed and median home prices have leveled out. As a result the City may experience a flattening of transient occupancy tax (TOT) and property tax revenues.

Major Initiatives

The City has completed the following capital improvement projects in FY2017-18:

- Public parking lot west of Stanton Ave.
- Fire Station #61 new construction
- Traffic Signal at Commonwealth Ave. and Indiana St.
- Catch Basin Screens installation
- Walking Trails at Southern California Edison Corridor
- Peak Park and Boisseranc Park Pool Building Roof replacement
- Annual Pavement Rehabilitation and Slurry Seal

Long-term Financial Planning

The City's 2035 General Plan establishes policy direction for the long-range planning and growth of the City. As a part of the General Plan, the City adopted the following economic principles and goals:

- *FISCAL STABILITY*
 - The City of Buena Park seeks fiscal stability and continued financial growth. Stability will enhance opportunity for economic growth sectors of the community.
- *TAX BASE REVENUE GROWTH*
 - Economic growth can bring many benefits to the community, including jobs, housing, and new revenue. New growth will lead to higher tax revenue, thus benefiting residents and the community directly by enhancing many of the public services the City provides. The City will

continue to collaborate with the business community to facilitate growth, development, and infrastructure improvements that benefit residents and businesses alike.

- *DIVERSITY*
 - Buena Park understands that part of its economic stronghold stems from its employment diversity of office, retail, manufacturing, and industrial businesses. Retaining and expanding these businesses will continue the economic benefits the City maintains, as well as those seeking employment opportunities in Buena Park.
- *BUSINESS RETENTION AND ATTRACTION*
 - Business retention and attraction are top priorities for Buena Park. The City takes great pride in the long, established history of the many business establishments in the City.
- *JOBS-HOUSING BALANCE*
 - Future mixed-use development in focus areas of the City will provide greater opportunity for jobs-housing balancing.
- *ENTERTAINMENT CORRIDOR AND TOURISM*
 - The Entertainment Corridor along Beach Boulevard provides multiple attractions and destinations for visitors to Buena Park. The City will continue to seek opportunities to grow and expand the experience for tourists who visit Buena Park.
- *REVITALIZATION OF AGING CENTERS*
 - Buena Park recognizes the need to revitalize its older commercial areas and support reinvestment and business growth in these areas. Encouraging economic growth can also help meet identified community needs.
- *RETAIL SECTOR*
 - The stability and growth of the retail sector is vital to the economic well being of the City. Retail opportunities need to respond to both the residents and visitors of Buena Park.
- *MIX OF INDUSTRIAL AND OFFICE USES*
 - A primary factor in identifying focus areas in the City is the need to revitalize and reinvent industrial and office uses to respond to the needs and interests that seek these uses.

There are policies within each principle and goal that provide direction for decision making that encourages economic growth while also maintaining and improving the quality of life in the community. Additionally, the City Council updated the City's Strategic Plan for 2018-2020. The City continues to identify fiscal stability as a major

plan goal. It is one of the many guiding factors when preparing the City's annual budget.

The City Council's approved long-term financial planning policies and principles, along with other approved policies and goals, form the basis for allocating resources to provide quality services and sustaining fiscal health.

The City's Beach Boulevard Streetscape project is nearing completion and includes landscape improvements, median enhancements, and monument signs. The continuing enhancement of the City's main corridor, Beach Boulevard, remains a priority, with plans for new restaurants, hotels, and venues.

Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement Award

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Buena Park for its comprehensive annual financial report for the year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

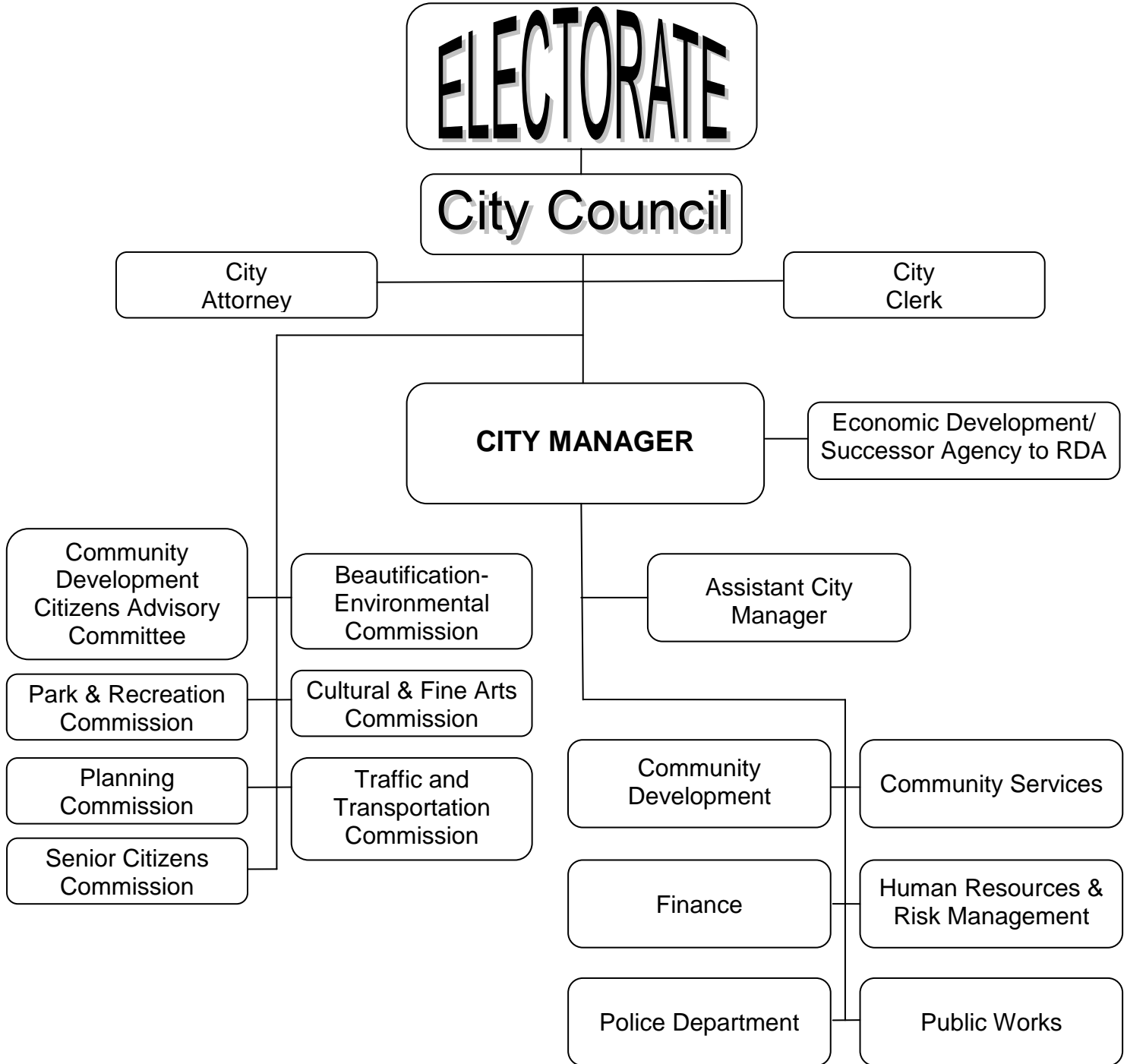
Acknowledgments

The preparation and publication of this report could not be accomplished without the dedication, professionalism, and teamwork of the Finance Department staff. I would like to express my sincere appreciation to all the members of the Finance Department. In addition, I want to acknowledge the efforts of the City's independent auditors, Badawi & Associates, who assisted in the preparation of this report. Finally, I would like to thank the City Manager and the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Sung Hyun
Director of Finance

CITY OF BUENA PARK
Organizational Chart



CITY OF BUENA PARK
List of Principal Officials

CITY COUNCIL

Mayor Arthur C. Brown
Mayor Pro-Tem Fred R. Smith
Council Member Sunny Youngsun Park
Council Member Elizabeth Swift, Ed.D.
Council Member Connor Traut

ADMINISTRATION AND DEPARTMENT HEADS

City Manager James B. Vanderpool
City Attorney Christopher Cardinale
City Clerk Adria M. Jimenez
Assistant City Manager Aaron France
Director of Community Development Joel Rosen
Director of Community Services Margaret Riley
Director of Finance Sung Hyun
Director of Human Resources and Risk Management Eddie Fenton
Police Chief Corey Sianez
Director of Public Works/City Engineer vacant



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Buena Park
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Buena Park
Buena Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Buena Park, California (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.

Auditor's Responsibility

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

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

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

To the Honorable Mayor and Members of the City Council
of the City of Buena Park
Buena Park, California
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, other postemployment benefit information, and budgetary comparison information on pages 5-26 and 106-115 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the budgetary comparison schedule for the City Capital Project Fund, combining and individual nonmajor fund financial statements, and other budgetary comparison schedules on pages 119-152, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule for the City Capital Project Fund, combining and individual nonmajor fund financial statements, and other budgetary comparison schedules on pages 119-152 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule for the City Capital Project Fund, combining and individual nonmajor fund financial statements, and other budgetary comparison schedules on pages 119-152 are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of Buena Park
Buena Park, California
Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates
Certified Public Accountants
Oakland, California
December 21, 2018

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CITY OF BUENA PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

The following discussion and analysis of the financial performance of the City of Buena Park provides an overview of the City's financial activities 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.

Financial Highlights

- The total assets of the City exceeded its liabilities at the close of fiscal year 2017-18 by \$272,729,000. Net position represents the difference between all of the City's assets and liabilities, including infrastructure (roads, bridges, storm drains, sewers, traffic signals, and water system mains and lines) and other capital assets (buildings and improvements, vehicles, furniture, and equipment). Infrastructure and capital assets represent the largest portion of the City's net position, \$277,601,078. These assets are costly yet essential to the functioning of City's business and residential populations. The restricted portion of net position is for resources earmarked for specific programs, and therefore unavailable for general use. The unrestricted portion may be utilized for the City's ongoing obligations to its citizens and creditors.
- Governmental activities net position has decreased by \$23,643,000 while the business-type activities has increased by \$1,435,000. The changes in net position in governmental and business-type activities are primarily due to an increase in investment in capital improvement projects (such as the construction of Fire Station 61), and also due to repayment to the State for previously allocated sales tax revenues. Another factor in the decrease of net position was the write-off of a \$7,191,000 receivable for City loans previously owed by the former Redevelopment Agency and due from the State. The increases in costs were offset by capitalized projects completed during the year and deferred outflows calculated pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68 and No. 75.
- As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$80,317,000, a decrease of \$35,967,000 in comparison with the prior fiscal year. Approximately 34% of the fund balance, or \$27,201,000 is unassigned and available for use at the government's discretion.

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2018

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services are financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Overview of the Financial Statements

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds and internal service funds. The basic financial statements comprise three components:

- *Government-wide financial statements*. These statements provide both *long-term* and *short-term* information about the City's overall financial status.
- *Fund financial statements*. These statements focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety are financed in the *short-term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activity the City operates like a private business, i.e., the Water Enterprise Fund.
- *Notes to financial statements*. - Explains some of the information in the financial statements and provides more detailed data.

The statements are followed by a section of *required supplementary information* that provides additional financial and budgetary information.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

Overview of the Financial Statements (Continued)

Figure A-1

Major Features of the City's Government-wide and Fund Financial Statements

	<u>Government-wide Statements</u>	<u>Fund Statements</u>	
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire City government and the City's component units	The activities of the City that are not proprietary	Activities the City operates similar to private businesses
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

Reporting the City as a Whole

The accompanying **government-wide financial statements** include the Statement of Net Position and the Statement of Activities that present financial data for the City as a whole and are designed to provide readers with a broad overview of the City's financial condition. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in the net position. The City's net position – the difference between assets and liabilities – is one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, however, should be considered, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported in this category, such as general government, development, public protection, transportation, environmental, health, and leisure. Sales taxes, property taxes, state subventions, charges for services and other revenues finance most of these activities.
- **Business-type activity** – The City charges a fee to customers to help it cover all or most of the cost of the services accounted for in the Water Enterprise Fund.

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2018

Reporting the City's Major Funds

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for utilizing certain taxes, grants, or other money. The City's three fund types – *governmental, proprietary, and fiduciary*, utilize different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on near-term inflows and outflows of resources available for spending, as well as balances of resources available for expenditure at the end of the fiscal year. These funds are reported using the *modified accrual* basis of accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* are described in a reconciliation following the fund financial statements.

The City maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the State Gasoline Tax Fund, Housing Successor Special Revenue Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the remaining 12 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in a combining statement elsewhere in this report.

- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information, such as cash flows, for proprietary funds. The City's one enterprise fund, the Water Enterprise Fund, is considered to be a major fund of the City. The City uses internal service funds (the other component of proprietary funds) to account for its self-insurance, equipment replacement and maintenance, building maintenance, employee benefits, and information technology support. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

- Fiduciary funds* - When the City holds assets and acts as a custodian on behalf of another agency, this is reported as a fiduciary fund. Fiduciary funds are similar to governmental funds in that they are reported using the modified accrual basis of accounting. They differ from governmental funds in that they cannot be used to support the City's functions, and must be used only for those purposes required by that agency. The City has three fiduciary funds - the Successor Agency Fund, the CFD Mall Agency Fund and the Buena Park Tourism Marketing District. The Successor Agency Fund is a private-purpose trust fund used to account for the assets and liabilities of the former Redevelopment Agency. When the Redevelopment Agency was dissolved in 2012, a fund was established to handle the remaining assets that were required to meet the long-term debts and other enforceable obligations of the former Redevelopment Agency. The CFD Mall Agency Fund was established to hold investments for the debt service related to the mall development. Although the City acts as a fiscal agent for this trust fund and holds the reserve funds for future debt payments, the City has no debt service obligation. The Buena Park Tourism Marketing District was established to improve business conditions and the business environment for tourism businesses in Buena Park through development and operation of a tourism marketing district and other initiatives. Fiduciary funds are presented separately, and are not included in the government-wide financial statements as they do not support the City's programs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Below is a summary of the City's government-wide financial information (in thousands):

	Total Governmental and Business-type Activities			
	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets	\$ 401,923	\$ 422,451	\$ (20,528)	(4.86%)
Liabilities	(149,853)	(139,770)	(10,083)	7.21%
Deferred Outflow of Resources	27,817	19,882	7,935	39.91%
Deferred Inflow of Resources	(7,158)	(7,625)	467	(6.12%)
Net Position	<u>\$ 272,729</u>	<u>\$ 294,938</u>	<u>\$ (22,209)</u>	(7.53%)
Unrestricted net position	<u>\$ (46,502)</u>	<u>\$ (10,082)</u>	<u>\$ (36,420)</u>	(361.24%)
Long-term debt	<u>\$ 10,473</u>	<u>\$ 12,605</u>	<u>\$ (2,132)</u>	(16.91%)
Program revenues	<u>\$ 39,769</u>	<u>\$ 42,733</u>	<u>\$ (2,964)</u>	(6.94%)
Taxes	<u>\$ 52,241</u>	<u>\$ 51,105</u>	<u>\$ 1,136</u>	2.22%
Other general revenues	<u>\$ (7,005)</u>	<u>\$ 371</u>	<u>\$ (7,376)</u>	(1,988.14%)
Expenses	<u>\$ 93,103</u>	<u>\$ 84,320</u>	<u>\$ 8,783</u>	10.42%

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

As noted earlier, the net position is a useful indicator of a government's financial position. A summary of the Statement of Net Position (*in thousands*) at June 30, 2018 and 2017 is as follows:

Governmental Activities:

	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets:				
Current and other Assets	\$ 103,653	\$ 146,238	\$ (42,585)	(29.12%)
Capital Assets, net	244,051	224,573	19,478	8.67%
Total Assets	<u>347,704</u>	<u>370,811</u>	<u>(23,107)</u>	(6.23%)
Deferred Outflows	<u>26,666</u>	<u>18,868</u>	<u>7,798</u>	41.33%
Liabilities:				
Current Liabilities	10,026	16,346	(6,320)	(38.66%)
Noncurrent Liabilities	130,248	115,115	15,133	13.15%
Total Liabilities	<u>140,274</u>	<u>131,461</u>	<u>8,813</u>	6.70%
Deferred Inflows	<u>6,981</u>	<u>7,460</u>	<u>(479)</u>	(6.42%)
Net Position:				
Net Investment in				
Capital Assets	244,051	224,573	19,478	8.67%
Restricted	41,631	55,406	(13,775)	(24.86%)
Unrestricted	<u>(58,567)</u>	<u>(29,221)</u>	<u>(29,346)</u>	(100.43%)
Total Net Position	<u>\$ 227,115</u>	<u>\$ 250,758</u>	<u>\$ (23,643)</u>	(9.43%)

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type Activities:

	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets:				
Current and other Assets	\$ 20,669	\$ 26,599	\$ (5,930)	(22.29%)
Capital Assets, net	33,550	25,041	8,509	33.98%
Total Assets	<u>54,219</u>	<u>51,640</u>	<u>2,579</u>	4.99%
Deferred Outflows	<u>1,151</u>	<u>1,014</u>	<u>137</u>	13.51%
Liabilities:				
Current Liabilities	4,124	3,270	854	26.12%
Noncurrent Liabilities	<u>5,454</u>	<u>5,039</u>	<u>415</u>	8.24%
Total Liabilities	<u>9,578</u>	<u>8,309</u>	<u>1,269</u>	15.27%
Deferred Inflows	<u>177</u>	<u>165</u>	<u>12</u>	7.27%
Net Position:				
Net Investment in				
Capital Assets	33,550	25,041	8,509	33.98%
Unrestricted	<u>12,065</u>	<u>19,139</u>	<u>(7,074)</u>	(36.96%)
Total Net Position	<u>\$ 45,615</u>	<u>\$ 44,180</u>	<u>\$ 1,435</u>	3.25%

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

An additional portion of the City's resources, \$41,631,000 for governmental activities, are subject to external (legally imposed or statutory) restrictions on how they may be used. This amount represents 18% of the net position for governmental activities. The unrestricted portion (\$58,567,000) for governmental activities and \$12,065,000 for business-type activities, are the resources that can be used to finance day-to-day operations without constraints. Unrestricted net position represents (26%) and 26% of net position for governmental and business-type activities, respectively.

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

For governmental and business-type activities, net position decreased by \$22,209,000. The changes in net position in governmental and business-type activities are primarily due to an increase in investment in capital improvement projects, and also due to repayment to the State for previously allocated sales tax revenues. Another factor in the decrease of net position was the write-off of a \$7,191,000 receivable for City loans previously owed by the former Redevelopment Agency and due from the State. The increase in expenditures was offset by capitalized projects completed during the year. This decrease is also attributable to the GASB Statement No. 68 requirement to record the current year change of pension liability, deferred inflows, and deferred outflows of pension resources. (Refer to note 9 of the financial statements). The pension liability is the present value estimate of future benefits. Retirement benefits remain the largest liability for most municipalities, but it is important to note that the payment of this liability extends over decades. The City of Buena Park provides pension benefits to all qualified employees through pension plans administered by the California Public Employees' Retirement System (CalPERS). The City currently has three tiers of pension plans based on the date of hire. Most of the City's current employees are on the most costly tier. The City's retirement plans available to new employees are less costly and, over a period of many years, will greatly reduce the pension liability. Another significant factor for the decrease in net position is the implementation of GASB 75, which recorded a liability for other post employment benefits. The City's OPEB liability was measured as of June 30th, 2017 and the total OPEB liability was determined, by an actuarial valuation, to be \$5,782,000. Changes in pension liability, deferred inflows, and deferred outflows of OPEB benefits also affect the net position.

Restricted net position decreased by \$13,775,000 to \$41,631,000. These assets are committed for special programs or projects, and for contractor and vendor obligations. Unrestricted net position decreased by \$36,420,000 to \$(46,502,000). The total net position is at \$272,730,000.

See independent auditors' report.

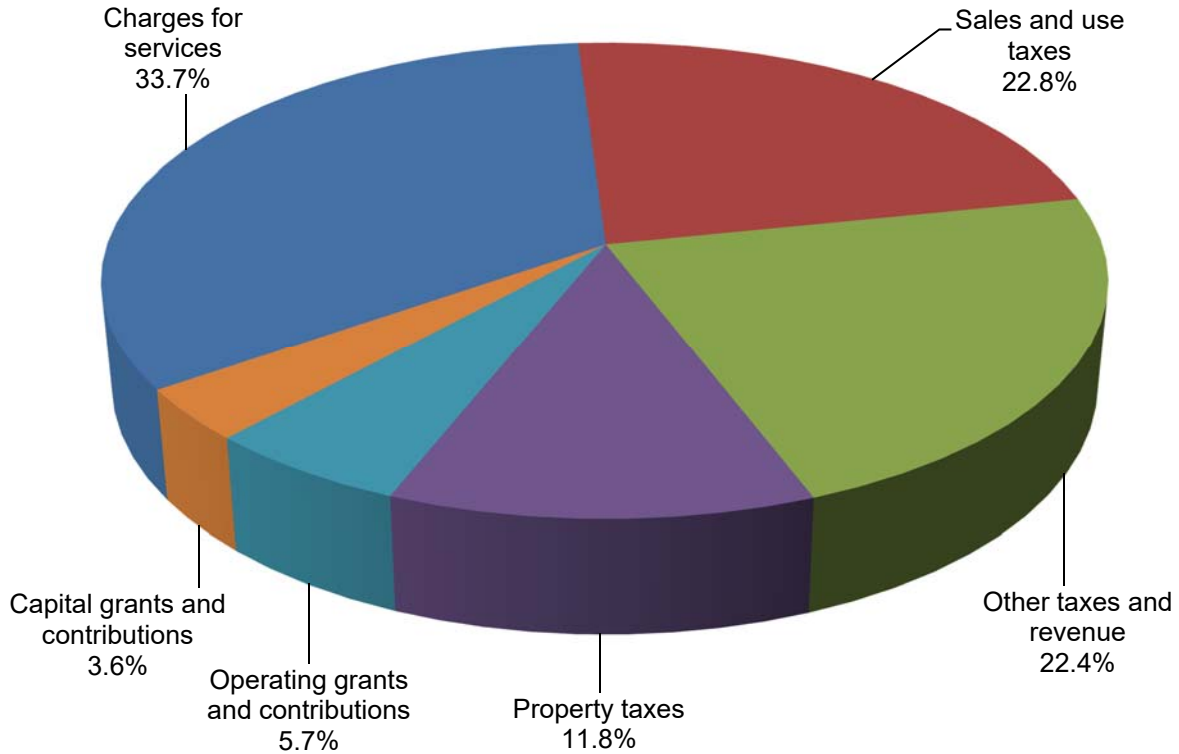
CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Government-Wide Revenues



Total government-wide revenue for governmental and business-type activities is \$92,194,000 in FY17-18, a decrease of \$2,016,000, or 2%, compared to \$94,210,000 in prior year. Program revenue is \$39,768,000, or 43%, of the total revenue, which represents charges for services and grants revenues. General revenue is the remainder \$52,426,000, or 57%, which is primarily comprised of various tax revenues.

See independent auditors' report.

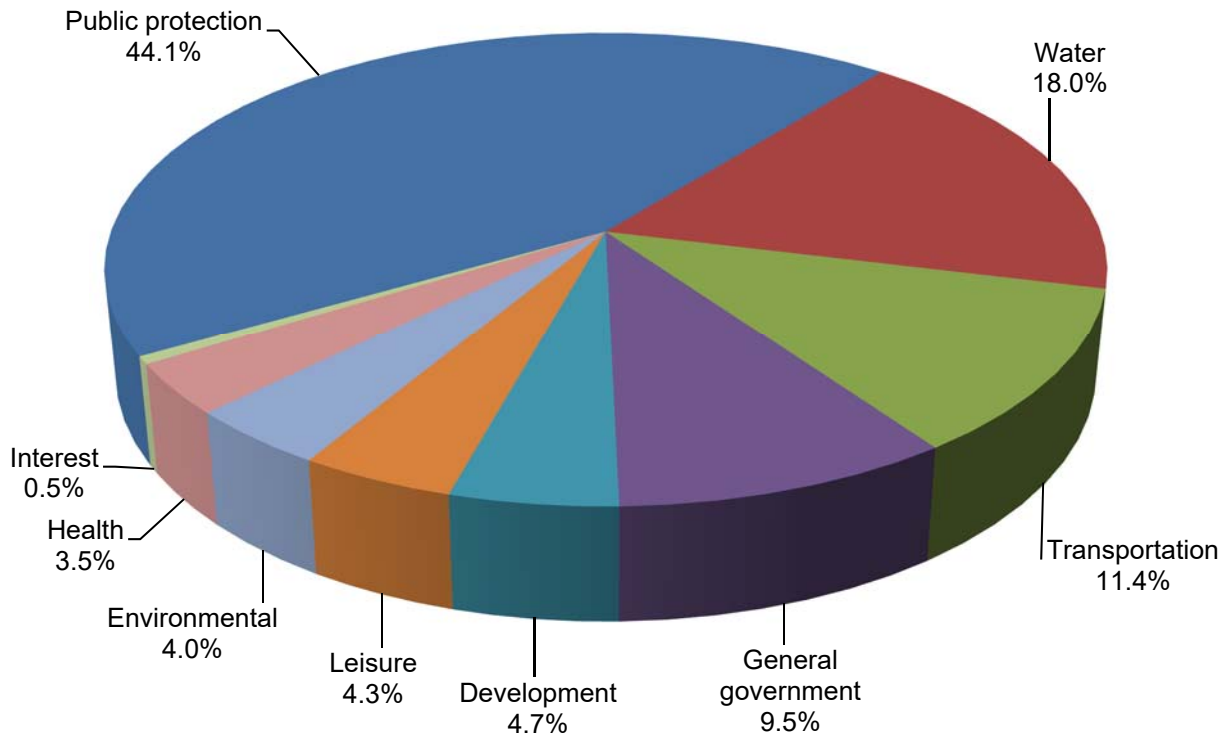
CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Government-Wide Expenses



Total government-wide expenses for governmental and business-type activities is \$93,102,000 in FY17-18, an increase of \$8,781,000, or 9%, compared to \$84,321,000 in prior year. Consistent to the past years, the public protection expenses are the largest expense for the City, which is \$41,080,000, or 44%, of the total expenses. The water utility cost is the second largest expense, which represents \$16,788,000, or 18%, of the total expenses.

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Change in net position of Governmental Activities (in thousands) is as follows:

	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Program Revenues:				
Charges for services	\$ 12,910	\$ 17,103	\$ (4,193)	(24.52%)
Operating grants and contributions	5,231	6,664	(1,433)	(21.50%)
Capital grants and contributions	3,268	2,832	436	15.40%
Total Program Revenues	<u>21,409</u>	<u>26,599</u>	<u>(5,190)</u>	<u>(19.51%)</u>
General Revenues:				
Property taxes	10,870	10,467	403	3.85%
Sales and use taxes	20,943	20,841	102	0.49%
Transient occupancy taxes	6,591	6,529	62	0.95%
Franchise taxes	1,871	1,720	151	8.78%
Other taxes	11,965	11,549	416	3.60%
Investment income	32	10	22	220.00%
Other Revenue	143	356	(213)	(59.83%)
Total General Revenues	<u>52,415</u>	<u>51,472</u>	<u>943</u>	<u>1.83%</u>
Total Revenues	<u>73,824</u>	<u>78,071</u>	<u>(4,247)</u>	<u>(5.44%)</u>
Expenses:				
General government	8,803	7,659	1,144	14.94%
Leisure	4,033	3,459	574	16.59%
Health	3,243	3,025	218	7.21%
Transportation	10,570	9,245	1,325	14.33%
Public Protection	41,080	39,109	1,971	5.04%
Development	4,359	3,695	664	17.97%
Environmental	3,739	3,266	473	14.48%
Interest expense	487	269	218	81.04%
Total Expenses	<u>76,314</u>	<u>69,727</u>	<u>6,587</u>	<u>9.45%</u>
Increase in Net Position before before transfers	<u>(2,490)</u>	<u>8,344</u>	<u>(10,834)</u>	<u>(129.84%)</u>
Transfers	147	139	8	5.76%
Extraordinary Item	(7,191)	-	(7,191)	
Change in Net Position	<u>(9,534)</u>	<u>8,483</u>	<u>(18,017)</u>	<u>(212.39%)</u>
Net Position - Beginning of Year as Restated	<u>236,648</u>	<u>242,274</u>	<u>(5,626)</u>	<u>(2.32%)</u>
Net Position - End of Year	<u>\$ 227,114</u>	<u>\$ 250,757</u>	<u>\$ (23,643)</u>	<u>(9.43%)</u>

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The cost of all governmental activities for fiscal year 2017-18 is \$76,314,000. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities is \$54,905,000, because some of the cost is paid by those who directly benefited from the programs, \$12,910,000, or by other governments and organizations that subsidized certain programs with operating grants and contributions, \$5,231,000, and capital grants and contributions, \$3,268,000. The City's governmental program revenues are \$21,409,000. The City paid for the remaining "public benefit" portion of governmental activities with \$52,240,000 in taxes and general revenue (some of which could only be used for certain programs) and with \$175,000 other revenues, such as interest and general entitlements.

Total resources available during the year to finance governmental operations are \$304,147,000, consisting of net position at July 1, 2017 of \$236,648,000, program revenues of \$21,409,000, general revenues of \$52,415,000, transfers of \$147,000, and minus an extraordinary item of \$7,191,000. Total expenses for governmental activities during the year are \$76,314,000, thus creating a net position of \$227,114,000 as of June 30, 2018.

Program revenues decreased \$5,190,000, a change of 20% from the prior year. This is primarily due to a one-time \$5,535,000 gain in the previous fiscal year for insurance recovery proceeds for the replacement cost of the fire station building that was destroyed in a fire..

Total general revenues increased by \$943,000, a change of 2% from the previous year. This increase is primarily due to an overall increase in tax revenue. Property taxes have improved by 4% and overall sales and use taxes have improved by 0.5% due to continuing healthy economy. Buena Park's transient occupancy taxes have also improved by 1%, an indication of the slowing growth in the tourism market statewide, which is also reflected in the City.

Total expenses increased \$6,587,000, or 9%. This increase in expense is largely due to a \$1,971,000 increase in public protection expense, \$1,144,000 increase in general government expense, and \$1,325,000 increase in transportation expenses. Compared to the prior year, the increase in general government expense is primarily due to increases in labor costs, capital improvement projects, offset by a decrease in attorney costs. . Increases in transportation can be attributed to increased labor costs and investment in capital improvement projects.

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Change in net position of Business-type Activities (in thousands) is as follows:

	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Program Revenues:				
Charges for services	\$ 18,060	\$ 16,010	\$ 2,050	12.80%
Operating Grants and Contributions	\$ 299	\$ 124	\$ 175	141.13%
Total Program Revenues	<u>18,359</u>	<u>16,134</u>	<u>2,225</u>	13.79%
General Revenues:				
Investment income	<u>11</u>	<u>5</u>	<u>6</u>	120.00%
Total General Revenues	<u>11</u>	<u>5</u>	<u>6</u>	120.00%
Total Revenues	<u>18,370</u>	<u>16,139</u>	<u>2,231</u>	13.82%
Expenses:				
Water utility	<u>16,788</u>	<u>14,594</u>	<u>2,194</u>	15.03%
Total Expenses	<u>16,788</u>	<u>14,594</u>	<u>2,194</u>	15.03%
Increase in Net Position before transfers	<u>1,582</u>	<u>1,545</u>	<u>37</u>	2.39%
Transfers	<u>(147)</u>	<u>(139)</u>	<u>(8)</u>	(5.76%)
Change in Net Position	<u>1,435</u>	<u>1,406</u>	<u>29</u>	2.06%
Net Position - Beginning of Year - As Restated	<u>44,180</u>	<u>42,774</u>	<u>1,406</u>	3.29%
Net Position - End of Year	<u>\$ 45,615</u>	<u>\$ 44,180</u>	<u>\$ 1,435</u>	3.25%

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The cost of all proprietary (business-type) activities in 2017-18 was \$16,788,000. As shown in the Statement of Activities and Changes in Net Position, the amount paid by users of the system is \$18,060,000, by other governments and organizations that subsidized certain programs with operating grants and contributions is \$299,000, investment income totaled \$11,000, and transfers are \$147,000. Beginning net position was restated to \$44,180,000 and ending net position was \$45,615,000. Of the ending net position, \$33,550,000, or 74%, was invested in capital assets and \$12,065,000, or 26%, was unrestricted.

Total water revenues increased by \$2,231,000 from the previous year, or 14%. This increase in revenues is largely due to water rate increase, which resulted in higher charges for services.

Water utility costs increased by \$2,194,000, or 15%. The total water utility costs increased due to the higher costs of water that the City has to pay for its water consumption. Water utility costs include all the costs to provide water to the public. These costs include labor, materials and supplies, water production and water distribution charges. There are two methods of water production: Pumping water from the ground, and purchasing water from the Metropolitan Water District. Pumping water is 40% cheaper than purchasing water. However, there are restrictions that limit the amount of water that can be pumped. These restrictions take into account various factors including water demand, drought, rainfall, levels of groundwater, and conservation demands.

Net interfund transfers are \$147,000. Of that amount, \$72,000 is transferred to the General Fund for rent payment for City-owned well sites, \$30,000 to the Public Liability Fund for the Water Fund's portion of liability insurance, \$69,000 to the Public Liability Fund for the Water Fund's portion of the earthquake insurance, and \$24,000 transfers in from Special Gas Tax Funds for the City Wide GIS update. Activity for the 2017-18 fiscal year increased net position by \$1,435,000.

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

Financial Analysis of the City's Governmental Funds

Below is an analysis of the City's governmental fund activities for the year (in thousands):

	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)
Total Fund Balances:				
General Fund	\$ 39,178	\$ 72,371	\$ (33,193)	(45.87%)
State Gas Tax Fund	2,702	2,038	664	32.58%
Housing Successor Fund	24,449	24,494	(45)	(0.18%)
Capital Projects Fund	56	(8)	64	800.00%
Other Governmental Funds	13,932	17,389	(3,457)	(19.88%)
 Total Fund Balances	 <u>\$ 80,317</u>	 <u>\$ 116,284</u>	 <u>\$ (35,967)</u>	 (30.93%)

At the close of the current fiscal year, the City's governmental fund balances reported a combined ending balance of \$80,317,000, a decrease of \$35,967,000, in comparison to the prior year.

The fund balance for the General Fund is \$39,178,000, a decrease of \$33,193,000 from the previous year. The decrease in General fund balances is primarily due to an increase in capital outlay expenditures to fund projects and increases in public protection labor costs. Other factors include State sales tax withholding due to repayment of previous sales taxes received that were reallocated to other jurisdictions. The State Gas Tax Fund has a fund balance of \$2,702,000, a \$664,000 increase from the previous fiscal year. The State Gas Tax Fund operates with revenues collected from a supplemental tax on gasoline sales and is used to maintain and improve streets and highways. The balance of this fund will vary from year to year depending on the amount spent on street projects. The Housing Successor Fund is a remnant of the previous Redevelopment Agency that was eliminated in 2012. The Housing Successor's purpose is to provide low and moderate income housing to the population of Buena Park. The Capital Projects Fund is used to account for major capital improvement projects throughout the City that are funded by various revenue sources.

Other Governmental Funds show a decrease in fund balance of \$3,457,000. Other Governmental Funds consist of multiple funds, the largest fund balances are from the Measure M2 Fund, the Housing and Community Development Fund, the HOME Loans Fund, and the Park-in-lieu Fund. Measure M2 funds are derived from a portion of sales tax and distributed by Orange County Transportation Authority for the purpose of street projects and improvements. The Housing and Community Development Fund is supported by the federal Community Development Block Grant and assists community programs and issues home improvement loans and grants to qualified homeowners. The HOME Loans Fund is a federal and state funded program with the purpose of assisting first time homebuyers and providing home improvement loans to current qualified homeowners. The Park-in-lieu Fund operates from the collection of developer fees that are used to

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

improve the City's public parks. Spending for the Housing and Community Development Fund and for the HOME Loans Fund is "grant driven", so these funds must be spent before they collect grant revenues. Measure M2 and Park-in-lieu cannot spend in excess of the revenues they collect, so spending may vary from year to year. The \$3,457,000 decrease in fund balance of Other Governmental Funds is primarily due to expenditures for capital improvement projects in the Park In-Lieu Fund. These projects include the S.C.E Corridor Project, the Larwin Park Master Plan and the Ehlers Plaza exterior improvements.

Financial Analysis of the City's Proprietary Funds

Below is an analysis of the net position of the City's proprietary funds (in thousands):

	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)
Total Net Position:				
Water Fund	\$ 45,615	\$ 44,180	\$ 1,435	3.25%
Internal Service Funds	6,872	7,695	(823)	(10.70%)
Total Net Position	<u>\$ 52,487</u>	<u>\$ 51,875</u>	<u>\$ 612</u>	1.18%
	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)
Unrestricted Net Position:				
Water Fund	\$ 12,065	\$ 19,139	\$ (7,074)	(36.96%)
Internal Service Funds	4,144	5,036	(892)	(17.71%)
Total Unrestricted Net Position	<u>\$ 16,209</u>	<u>\$ 24,175</u>	<u>\$ (7,966)</u>	(32.95%)

Total net position of the Water Enterprise Fund increased \$1,435,000, but the unrestricted portion decreased \$7,074,000. The increase in the net position is because the charges for services are higher than the total expenses, and that the pension expenses and the current year increase in pension liability for the enterprise fund is lower compared to prior year. The decrease in the unrestricted net position is due to costs associated with a City wide capital improvement project to replace aging meters with a new advanced meter infrastructure.

The function of the Internal Service Funds is to provide services to other City departments. These services include the following: equipment and vehicle maintenance and replacement, worker's compensation, public liability, employee benefits, building and grounds maintenance, and information technology support. The Internal Service Funds total net position decreased by \$823,000, and the unrestricted portion decreased by \$892,000. This is primarily due to an increase in the amount of workers' compensation claims outstanding at the end of FY 17-18 compared to the previous year.

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

Debt Administration

Below is a schedule of the changes to the City's long-term debt (in thousands). Additional information on the City's long-term debt is shown in note 8 of the financial statements.

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
Governmental Activities:				
Claims payable	\$ 7,588	\$ 3,685	\$ (3,516)	\$ 7,757
Employee leave benefits	2,736	589	(199)	3,126
Pension note payable	3,930	-	(1,928)	2,002
PFA-2017 Lease Revenue Bonds	9,785	-	-	9,785
PFA-2017 Lease Revenue Bonds Original Issuance Premium	503	-	(25)	478
Note payable-OCTA	421	-	(105)	316
Sales tax payable	14,903	-	(14,903)	-
Total Governmental Activities	<u>39,866</u>	<u>4,274</u>	<u>(20,676)</u>	<u>23,464</u>
Business-type Activities:				
Loans payable	-	-	-	-
Employee leave benefits	181	29	(11)	199
Total Business-type Activities	<u>181</u>	<u>29</u>	<u>(11)</u>	<u>199</u>
Total Long-Term Obligations	<u>\$ 40,047</u>	<u>\$ 4,303</u>	<u>\$ (20,687)</u>	<u>\$ 23,663</u>

As of June 30, 2018 the City's total debt decreased by \$16,384,000.

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

Capital Assets

The capital assets of the City are the assets having a historic cost of more than \$1,000 and a useful life of greater than two years that are used in the performance of the City's functions, including infrastructure assets. The City has elected to use the "Basic Approach" as defined by GASB Statement No. 34 for infrastructure reporting. The following infrastructure networks are recorded as capital assets in the government-wide financial statements:

- Road system, which includes street and alley rights-of-way, pavement, alleys, medians, curbs, gutters, sidewalks, traffic signals, interconnect cables, and bridges.
- Storm drain system, which includes storm drain lines and storm drain catch basins.
- Sewer system, which includes sewer lines.
- Water system, which includes water lines, water wells, and booster pump stations.

Below is a schedule of the City's capital assets, net of accumulated depreciation (in thousands):

	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities:				
Rights-of-Way	\$ 48,894	\$ 48,894	\$ -	0.00%
Land	12,041	12,041	-	0.00%
Construction in progress	22,467	6,778	15,689	231.47%
Buildings	69,684	71,478	(1,794)	(2.51%)
Improvements	12,692	9,214	3,478	37.75%
Machinery and equipment	11,461	8,697	2,764	31.78%
Furniture and fixtures	584	639	(55)	(8.61%)
Infrastructure:				
Road system	62,341	62,798	(457)	(0.73%)
Storm drain system	3,886	4,035	(149)	(3.69%)
Total Governmental Activities	244,050	224,574	19,476	8.67%

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

Capital Assets (Continued)

	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities:				
Land	\$ 2	\$ 2	\$ -	0.00%
Construction in progress	11,193	4,273	6,920	161.95%
Buildings	45	47	(2)	(4.26%)
Improvements	1,218	977	241	24.67%
Pumps and reservoirs	819	856	(37)	(4.32%)
Hydrants, meters and connections	890	949	(59)	(6.22%)
Machinery and equipment	380	391	(11)	(2.81%)
Infrastructure:				
Wells	2,226	2,329	(103)	(4.42%)
Water and sewer lines	16,777	15,217	1,560	10.25%
Total Business type Activities	<u>33,550</u>	<u>25,041</u>	<u>8,509</u>	33.98%
Total Capital Assets	<u><u>\$ 277,600</u></u>	<u><u>\$ 249,615</u></u>	<u><u>\$ 27,985</u></u>	11.21%

Capital assets from governmental activities increased \$19,476,000, or 9%, and business-type activities increased \$8,509,000, or 34%. Multiple projects began or were carried forward from previous years. The primary reason for the net increases in both the governmental and business-type activities is due to an increase in construction in progress. Further information on the City's capital assets can be found in note 6 of the financial statements.

Capital asset and infrastructure projects completed in 2017-18 totaled \$12,263,000. These improvements include:

- 800 MHZ CCCS Next Generation Radio Equipment
- Auto Center Drive Traffic Signal
- Public Parking Lot West of Stanton
- Annual Pavement Rehabilitation
- Annual Wheelchair Ramp Installation
- Traffic Signal Improvements
- Beach Boulevard Improvements from Azalea to La Palma
- Traffic Signal at Commonwealth and Indiana
- Southern California Edison Corridor
- Peak Pool Building Roof Replacement
- Peak Park Overflow Parking
- Sewer Lining
- Sewer Main Replacement Florence & Myra
- Manhole Replacement

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2018

General Fund Budgetary Highlights

Actual General Fund revenues are \$1,429,772 lower than the \$63,981,000 budgeted for 2017-18. This decrease is primarily due to the lower charges for services as compared to budget. The original budget for the General Fund increased from \$62,659,000 to \$63,981,000. This increase of \$1,322,000 is primarily due to Knott's Berry Farm Police Services reimbursement, AB97 BSCC Task Force Funding and additional court fines.

Actual expenditures for the General Fund are \$12,924,000 above budget, which is primarily due to the \$16,045,000 unbudgeted repayment of sales tax payable. There was \$1,438,000 savings in public protection, \$736,000 in development, \$362,000 in transportation and \$340,000 in general government expenditures. Comparing the fiscal year 2017-18 General Fund original budget for expenditures and transfers in the amount of \$63,440,000 to the final budgeted amount of \$71,568,000 shows a net increase of \$8,128,000. The net increase from the total original budgeted expenditures to the final budget primarily comprises the following appropriation adjustments:

- Appropriations of \$199,000 for general government
- Appropriations of \$36,000 for leisure
- Appropriations of \$225,000 for transportation
- Appropriations of \$1,253,000 for public protection
- Appropriations of \$730,000 for development
- Appropriations of \$30,000 for environmental
- Appropriations of \$5,654,000 for capital outlay

The changes between the original and the amended budget are primarily due to increases in capital improvement projects. In addition, there are increases and adjustments for budget carryovers, police protection programs and other public work projects.

Economic Factors and Next Year's Budgets and Rates

The key assumptions in the General Fund forecast for fiscal year 2018-19 are:

- Slow and steady economic growth
- Moderate increase, but slowing growth in tourism
- Moderate increase, but slowing growth in Sales Tax
- Moderate and steady increase in Property Tax revenues
- Moderate increase, but slowing growth in development and construction activity

See independent auditors' report.

CITY OF BUENA PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2018

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need additional financial information, contact the Finance Director's Office, at City of Buena Park, 6650 Beach Boulevard, Buena Park, California 90622.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Buena Park
Statement of Net Position
June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 57,521,039	\$ 17,341,140	\$ 74,862,179
Restricted cash and investments	-	200,596	200,596
Accounts receivable	4,438,336	3,051,978	7,490,314
Interest receivable	220,357	65,783	286,140
Taxes receivable	110,816	-	110,816
Due from other governments	4,511,062	-	4,511,062
Prepaid items	720,857	10,000	730,857
Inventory	84,080	-	84,080
Total current assets	67,606,547	20,669,497	88,276,044
Noncurrent assets:			
Cash and investment with fiscal agent	1,254,448	-	1,254,448
Property held for resale	8,998,415	-	8,998,415
Loans receivable, net	25,793,075	-	25,793,075
Capital assets:			
Non-depreciable	83,402,319	11,195,798	94,598,117
Depreciable, net	160,648,816	22,354,145	183,002,961
Total capital asset	244,051,135	33,549,943	277,601,078
Total noncurrent assets	280,097,073	33,549,943	313,647,016
Total assets	347,703,620	54,219,440	401,923,060
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	7,491,080	428,884	7,919,964
Deferred outflows of resources pension - actuarial	18,405,186	722,400	19,127,586
Deferred employer OPEB contributions	769,809	-	769,809
Total deferred outflows of resources	26,666,075	1,151,284	27,817,359

City of Buena Park
Statement of Net Position
June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	2,991,869	3,405,135	6,397,004
Accrued liabilities	2,361,157	124,732	2,485,889
Interest payable	69,941	-	69,941
Deposits payable	1,532,789	351,963	1,884,752
Retention payable	763,409	200,596	964,005
Unearned revenue	78,941	-	78,941
Employee leave benefits - due within 1 year	21,000	42,000	63,000
Claims payable - due within 1 year	100,000	-	100,000
Long-term debt - due within one year	2,107,260	-	2,107,260
Total current liabilities	10,026,366	4,124,426	14,150,792
Noncurrent liabilities:			
Employee leave benefits - due in more than 1 yr	3,105,517	156,662	3,262,179
Claims payable - due in more than 1 yr	7,656,494	-	7,656,494
Long-term debt - due in more than one year	10,472,679	-	10,472,679
Net OPEB liability	5,782,282	-	5,782,282
Net pension liability	103,230,718	5,297,516	108,528,234
Total noncurrent liabilities	130,247,690	5,454,178	135,701,868
Total liabilities	140,274,056	9,578,604	149,852,660
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	6,980,683	177,196	7,157,879
Total deferred inflows of resources	6,980,683	177,196	7,157,879
NET POSITION			
Net investment in capital assets	244,051,135	33,549,943	277,601,078
Restricted for:			
Residential housing	34,366,348	-	34,366,348
Transportation	4,246,720	-	4,246,720
Development	1,087,692	-	1,087,692
Environment	612,234	-	612,234
Public protection	1,317,789	-	1,317,789
Total restricted	41,630,783	-	41,630,783
Unrestricted	(58,566,962)	12,064,981	(46,501,981)
Total net position	\$ 227,114,956	\$ 45,614,924	\$ 272,729,880

See accompanying Notes to Basic Financial Statements.

City of Buena Park
Statement of Activities
For the year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 8,802,839	\$ 243,975	\$ 44,107	\$ -	\$ 288,082
Leisure	4,033,063	918,822	24,717	-	943,539
Health	3,243,315	3,294,458	-	-	3,294,458
Transportation	10,570,324	235,070	2,331,473	3,243,032	5,809,575
Public protection	41,079,993	4,336,116	1,336,477	25,000	5,697,593
Development	4,359,318	3,618,628	1,494,722	-	5,113,350
Environmental	3,739,254	262,660	-	-	262,660
Interest on long-term debt	486,563	-	-	-	-
Total governmental activities	76,314,669	12,909,729	5,231,496	3,268,032	21,409,257
Business-type activities:					
Water	16,788,267	18,060,366	299,000	-	18,359,366
Total business-type activities	16,788,267	18,060,366	299,000	-	18,359,366
Total primary government	\$ 93,102,936	\$ 30,970,095	\$ 5,530,496	\$ 3,268,032	\$ 39,768,623

General Revenues, transfers, and extraordinary items:

Taxes:

- Property taxes
- Sales taxes
- Transient occupancy taxes
- Franchise taxes
- Other taxes

Total taxes

Investment income

Other

Transfers

Extraordinary item - write off of amount due from Successor Agency

Total general revenues, transfers, and extraordinary items

Change in net position

Net position - beginning of year, as restated

Net position - end of year

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (8,514,757)	\$ -	\$ (8,514,757)
(3,089,524)	-	(3,089,524)
51,143	-	51,143
(4,760,749)	-	(4,760,749)
(35,382,400)	-	(35,382,400)
754,032	-	754,032
(3,476,594)	-	(3,476,594)
(486,563)	-	(486,563)
<u>(54,905,412)</u>	<u>-</u>	<u>(54,905,412)</u>
-	1,571,099	1,571,099
-	1,571,099	1,571,099
<u>(54,905,412)</u>	<u>1,571,099</u>	<u>(53,334,313)</u>
10,869,957	-	10,869,957
20,943,220	-	20,943,220
6,591,242	-	6,591,242
1,871,434	-	1,871,434
11,965,256	-	11,965,256
<u>52,241,109</u>	<u>-</u>	<u>52,241,109</u>
32,252	11,493	43,745
142,611	-	142,611
147,409	(147,409)	-
<u>(7,191,489)</u>	<u>-</u>	<u>(7,191,489)</u>
<u>45,371,892</u>	<u>(135,916)</u>	<u>45,235,976</u>
(9,533,520)	1,435,183	(8,098,337)
<u>236,648,476</u>	<u>44,179,741</u>	<u>280,828,217</u>
<u>\$ 227,114,956</u>	<u>\$ 45,614,924</u>	<u>\$ 272,729,880</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund accounts for resources traditionally associated with governmental which are not required legally or by sound financial management to be accounted for in another fund.

State Gas Tax Special Revenue Fund accounts for street and maintenance projects of the public works department. Financing is provided by the City's allocation of State gasoline taxes.

Housing Successor Special Revenue Fund accounts for future affordable housing projects.

City Capital Projects Fund accounts for the acquisition or construction of major capital facilities in the City.

Non-Major Governmental Funds is the aggregate of all the non-major governmental funds.

City of Buena Park
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds			
	General	State		City Capital Projects
		Special Revenue	Housing Successor Special Revenue	
ASSETS				
Cash and investments	\$ 32,444,165	\$ 2,694,546	\$ 2,833,420	\$ 622,410
Restricted cash and investments	549,121	103,873	-	494,325
Accounts receivable	2,592,647	1,347,873	-	-
Interest receivable	125,259	10,191	10,740	2,350
Taxes receivable	110,816	-	-	-
Loans receivable, net	-	-	18,038,316	-
Due from other governments	3,716,668	447,449	-	-
Prepaid items	49,192	-	-	-
Inventory	84,080	-	-	-
Property held for resale	4,808,517	-	3,578,950	-
Due from other funds	136,346	-	-	-
Total assets	\$ 44,616,811	\$ 4,603,932	\$ 24,461,426	\$ 1,119,085
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,149,257	\$ 658,936	\$ 54	\$ 568,903
Accrued liabilities	2,140,343	11,252	12,818	-
Deposits payable	1,532,789	-	-	-
Retention payable	12,004	109,772	-	494,472
Unearned revenue	78,941	-	-	-
Due to other funds	-	-	-	-
Total liabilities	4,913,334	779,960	12,872	1,063,375
Deferred Inflows of Resources				
Unavailable revenue	525,771	1,122,421	-	-
Total deferred inflows of resources	525,771	1,122,421	-	-
Fund Balances: (Note 11)				
Nonspendable	4,941,789	-	-	-
Restricted	549,121	2,701,551	24,448,554	-
Assigned	6,485,578	-	-	55,710
Unassigned	27,201,218	-	-	-
Total fund balances	39,177,706	2,701,551	24,448,554	55,710
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,616,811	\$ 4,603,932	\$ 24,461,426	\$ 1,119,085

See accompanying Notes to Basic Financial Statements.

	Other Governmental Funds		Total Governmental Funds
\$	5,645,287	\$	44,239,828
	107,129		1,254,448
	490,131		4,430,651
	21,413		169,953
	-		110,816
	7,733,575		25,771,891
	346,945		4,511,062
	460		49,652
	-		84,080
	610,948		8,998,415
	-		136,346
<u>\$</u>	<u>14,955,888</u>	<u>\$</u>	<u>89,757,142</u>

\$	293,654	\$	2,670,804
	157,666		2,322,079
	-		1,532,789
	147,161		763,409
	-		78,941
	136,346		136,346
	<u>734,827</u>		<u>7,504,368</u>

	289,504		1,937,696
	<u>289,504</u>		<u>1,937,696</u>

	-		4,941,789
	14,413,492		42,112,718
	-		6,541,288
	(481,935)		26,719,283
	<u>13,931,557</u>		<u>80,315,078</u>

<u>\$</u>	<u>14,955,888</u>	<u>\$</u>	<u>89,757,142</u>
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City of Buena Park
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Total Fund Balances - Total Governmental Funds \$ 80,315,078

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:	Government- Wide Statement of Net Position	Internal Service Funds	Total
Non-depreciable	\$ 83,402,319	\$ -	\$ 83,402,319
Depreciable, net	160,648,816	(2,728,038)	157,920,778
Total capital assets	<u>\$ 244,051,135</u>	<u>\$ (2,728,038)</u>	<u>241,323,097</u>

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. 1,937,696

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (69,941)

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position. 6,871,697

Employer contributions for pension and OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred. 8,090,433

In the Government-Wide Financial Statements, certain differences between actuarial amounts and actual results for pension are deferred and amortized over a period of time, however these differences do not impact the Governmental Funds Balance Sheet:

Deferred outflows of resources - pension	18,118,612
Deferred inflows of resources - pension	(6,910,388)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Government- Wide Statement of Net Position	Internal Service Funds	Total
Claims and judgments payable - due within one year	\$ (100,000)	\$ 100,000	\$ -
Employee leave benefits - due within one year	(21,000)	21,000	-
Termination benefits payable	-	-	-
Bonds payable - due within one year	(2,107,260)	-	(2,107,260)
Net OPEB liability	(5,782,282)	-	(5,782,282)
Net pension liability	(103,230,718)	2,101,513	(101,129,205)
Long term liabilities - due in more than one year	(21,234,690)	7,692,109	(13,542,581)
Total long-term liabilities	<u>\$ (132,475,950)</u>	<u>\$ 9,914,622</u>	<u>(122,561,328)</u>

Net Position of Governmental Activities \$ 227,114,956

City of Buena Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	Major Funds			
	General	State		City Capital Projects
		Gasoline Tax Special Revenue	Housing Successor Special Revenue	
REVENUES:				
Taxes	\$ 43,872,249	\$ -	\$ -	\$ -
Licenses and permits	790,570	-	-	-
Fines and forfeitures	890,839	-	-	-
Intergovernmental	8,316,055	3,635,485	-	-
Charges for services	7,343,624	-	-	-
Investment income	323,503	(15,008)	52,570	(6,728)
Miscellaneous	1,014,060	-	404,580	70,000
Total revenues	62,550,900	3,620,477	457,150	63,272
EXPENDITURES:				
Current:				
General government	7,322,064	-	-	-
Leisure	3,153,932	-	-	-
Health	3,152,943	-	-	-
Transportation	4,977,049	515,922	-	-
Public protection	36,048,951	-	-	-
Development	2,334,362	-	502,551	-
Environmental	3,524,466	-	-	-
Capital outlay	5,374,949	4,203,186	-	10,044,999
Debt Service:				
Principal retirement	18,078,113	-	-	-
Interest and other charges	524,904	-	-	-
Total expenditures	84,491,733	4,719,108	502,551	10,044,999
REVENUES OVER (UNDER) EXPENDITURES	(21,940,833)	(1,098,631)	(45,401)	(9,981,727)
OTHER FINANCING SOURCES (USES):				
Transfers in	130,988	1,808,297	-	10,044,999
Transfers out	(12,296,222)	(46,061)	-	-
Insurance recoveries	1,481,109	-	-	-
Proceeds from sale of capital assets	1,878	-	-	-
Total other financing sources (uses)	(10,682,247)	1,762,236	-	10,044,999
Special Item				
Sales tax recoveries	6,621,014	-	-	-
Extraordinary Item				
Write off of amount due from Successor Agency	(7,191,489)	-	-	-
Net change in fund balances	(33,193,555)	663,605	(45,401)	63,272
FUND BALANCES:				
Beginning of year	72,371,261	2,037,946	24,493,955	(7,562)
End of year	<u>\$ 39,177,706</u>	<u>\$ 2,701,551</u>	<u>\$ 24,448,554</u>	<u>\$ 55,710</u>

See accompanying Notes to Basic Financial Statements.

Non-Major Governmental Funds	Total Governmental Funds
\$ 408,977	\$ 44,281,226
-	790,570
-	890,839
3,931,441	15,882,981
1,564,374	8,907,998
15,084	369,421
-	1,488,640
<u>5,919,876</u>	<u>72,611,675</u>
9,879	7,331,943
-	3,153,932
-	3,152,943
467,751	5,960,722
950,440	36,999,391
1,057,596	3,894,509
-	3,524,466
6,400,873	26,024,007
-	18,078,113
109	525,013
<u>8,886,648</u>	<u>108,645,039</u>
<u>(2,966,772)</u>	<u>(36,033,364)</u>
1,732,679	13,716,963
(2,231,071)	(14,573,354)
-	1,481,109
-	1,878
<u>(498,392)</u>	<u>626,596</u>
-	6,621,014
-	(7,191,489)
<u>(3,465,164)</u>	<u>(35,977,243)</u>
17,396,721	116,292,321
<u>\$ 13,931,557</u>	<u>\$ 80,315,078</u>

City of Buena Park
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Government-Wide Statement of Activities
For the year ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (35,977,243)

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

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period, net of Internal Service Funds of \$600,651 25,760,787

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of Internal Service Funds of \$532,272. (6,195,999)

In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds proceeds from sales increases financial resources. The difference between proceeds and the loss on disposal of capital assets: (155,305)

Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net Position. (378,695)

OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (464,333)

Bond proceeds provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

Long-term debt repayments 18,078,113
 Amortization of bond premium 25,342

Long term receivables that did not meet the revenue recognition criteria in the governmental funds but were recognized as revenue in the Government-Wide Financial Statements. (6,876,341)

Pension expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (10,629,857)

Employer contributions for pension and OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred. 8,090,433

Interest expense on long-term debt is reported on the accrual basis on the Government-Wide Statements, but expenditures on long-term debt in the governmental funds statements are recorded when paid. The following amount represents the change in accrued interest from the prior year. 13,108

Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities. (823,530)

Change in Net Position of Governmental Activities \$ (9,533,520)

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund accounts for the activities of the water utilities system, which provides service to the residents of the City and some neighboring cities.

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

City of Buena Park
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities Water Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 17,341,140	\$ 13,281,211
Restricted cash and investments	200,596	-
Accounts receivable, net	3,051,978	7,685
Interest receivable	65,783	50,404
Loans receivable	-	21,184
Prepays items	10,000	671,205
Total current assets	20,669,497	14,031,689
Noncurrent assets:		
Capital assets:		
Non-depreciable	11,195,798	-
Depreciable, net	22,354,145	2,728,038
Total capital assets	33,549,943	2,728,038
Total noncurrent assets	33,549,943	2,728,038
Total assets	54,219,440	16,759,727
DEFERRED OUTFLOWS OF RESOURCES		
Deferred employer pension contributions	428,884	170,456
Deferred outflows of resources - pension	722,400	286,574
Total deferred outflows of resources	1,151,284	457,030
LIABILITIES		
Current Liabilities:		
Accounts payable	3,405,135	321,065
Accrued liabilities	124,732	39,078
Deposits payable	351,963	-
Retention payable	200,596	-
Employee leave benefits - due within one year	42,000	21,000
Claims payable - due within one year	-	100,000
Total current liabilities	4,124,426	481,143
Noncurrent liabilities:		
Employee leave benefits - due in more than one year	156,662	35,615
Claims payable - due in more than one year	-	7,656,494
Net pension liability	5,297,516	2,101,513
Total noncurrent liabilities	5,454,178	9,793,622
Total liabilities	9,578,604	10,274,765
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	177,196	70,295
Total deferred inflows of resources	177,196	70,295
NET POSITION		
Net investment in capital assets	33,549,943	2,728,038
Unrestricted	12,064,981	4,143,659
Total net position	\$ 45,614,924	\$ 6,871,697

See accompanying Notes to Basic Financial Statements.

City of Buena Park
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2018

	Business-Type Activities <u>Water</u> <u>Enterprise Fund</u>	Governmental Activities <u>Internal</u> <u>Service Funds</u>
OPERATING REVENUES:		
Charges for services	\$ 18,060,366	\$ 6,048,613
Other	-	24,190
Total operating revenues	<u>18,060,366</u>	<u>6,072,803</u>
OPERATING EXPENSES:		
Self-insurance	-	3,158,210
Employee benefits	-	322,393
Maintenance and supplies	-	3,638,159
Information systems	-	263,476
Water services	15,132,376	-
Health services	688,014	-
Depreciation	993,167	532,272
Total operating expenses	<u>16,813,557</u>	<u>7,914,510</u>
OPERATING INCOME (LOSS)	<u>1,246,809</u>	<u>(1,841,707)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	11,493	(12,228)
Intergovernmental revenues	299,000	-
Gain (loss) on sale of property	25,290	26,605
Total nonoperating revenues (expenses)	<u>335,783</u>	<u>14,377</u>
INCOME (LOSS) BEFORE TRANSFERS	1,582,592	(1,827,330)
Transfers in	23,561	1,145,000
Transfers out	(170,970)	(141,200)
Total transfers	<u>(147,409)</u>	<u>1,003,800</u>
Change in net position	1,435,183	(823,530)
NET POSITION:		
Beginning of year	<u>44,179,741</u>	<u>7,695,227</u>
End of year	<u>\$ 45,614,924</u>	<u>\$ 6,871,697</u>

See accompanying Notes to Basic Financial Statements.

City of Buena Park
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

	Business-type Activities Water Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from other funds	\$ -	\$ 6,035,240
Cash received from customers	17,931,766	-
Cash received from other	-	24,190
Cash payments to suppliers for goods and services	(12,749,999)	(6,711,806)
Cash paid to employees	(1,918,006)	(920,325)
Net cash provided by (used in) operating activities	3,263,761	(1,572,701)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in	23,561	1,145,000
Transfers out	(170,970)	(141,200)
Net cash provided by (used in) noncapital financing activities	(147,409)	1,003,800
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(9,479,757)	(600,651)
Proceed from sale of capital assets	3,081	26,605
Net cash (used in) capital and related financing activities	(9,476,676)	(574,046)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	(5,548)	(34,415)
Net cash provided by investing activities	(5,548)	(34,415)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(6,365,872)	(1,177,362)
CASH AND CASH EQUIVALENTS - Beginning of year	23,907,608	14,458,573
CASH AND CASH EQUIVALENTS - End of year	\$ 17,541,736	\$ 13,281,211
FINANCIAL STATEMENT PRESENTATION:		
Cash and investments	\$ 17,341,140	\$ 13,281,211
Restricted cash and investments	200,596	-
Total	\$ 17,541,736	\$ 13,281,211
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 1,246,809	\$ (1,841,707)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	993,167	532,272
Changes in assets and liabilities:		
Accounts receivable	(120,051)	(7,628)
Loans receivable	-	(5,745)
Prepaid items	-	(664,909)
Deferred outflows of resources - pension	(137,377)	(54,575)
Accounts payable	627,806	112,639
Accrued liabilities	41,094	14,308
Deposits payable	(8,549)	-
Retention payable	194,191	-
Employee leave benefits	17,578	11,430
Claims payable	-	168,850
Net pension liability	397,385	157,640
Deferred inflows of resources - pension	11,708	4,724
Total adjustments	2,016,952	269,006
Net cash provided by (used in) operating activities	\$ 3,263,761	\$ (1,572,701)

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Private Purpose Trust Funds

Successor Agency Trust Fund accounts for assets and liabilities transferred from the City to the Successor Agency Trust Fund.

Agency Funds

Agency Fund accounts for assets and liabilities related to the Community Facilities District Buena Park Mall and the Buena Park Tourism Marketing District.

City of Buena Park
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Successor Agency Private-Purpose Trust Fund		Agency Funds
	Trust Fund	Agency Funds	
ASSETS			
Cash and Investments	\$ 7,337,498	\$	571,843
Accounts receivable	-		109,543
Interest receivable	27,725		-
Restricted cash and Investments	9,428,284		6,754,827
Loans Receivable	99,325		-
Construction in progress	3,959,198		-
Total assets	20,852,030		7,436,213
LIABILITIES			
Liabilities:			
Accounts payable	153,808		57,431
Accrued Liabilities	5,559		-
Deposits payable	-		648,955
Interest Payable	1,391,534		-
Unearned revenue	13,129		-
Bonds Payable, due within one year	4,175,000		-
Bonds Payable, due in more than one year	68,072,163		-
Due to bondholders	-		6,729,827
Total liabilities	73,811,193	\$	7,436,213
NET POSITION			
Net Position held in trust for Successor Agency	\$ (52,959,163)		

See accompanying Notes to Basic Financial Statements.

City of Buena Park
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2018

	Successor Agency Trust Fund
	<u> </u>
ADDITIONS:	
Taxes	\$ 9,410,691
Interest income	<u>64,559</u>
Total additions	<u>9,475,250</u>
DEDUCTIONS:	
Administrative cost	816,386
Contractual obligations	196,656
Interest on bonds	<u>4,073,945</u>
Total Deductions	<u>5,086,987</u>
EXTRAORDINARY ITEMS	
Extraordinary gain on dissolution of RDA	<u>7,191,489</u>
Change in net position	11,579,752
NET POSITION:	
Beginning of year,	<u>(64,538,915)</u>
End of year	<u>\$ (52,959,163)</u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Buena Park

Notes to Basic Financial Statements

For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Buena Park, California (City) have been prepared in conformity with generally accepted accounting principles (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. Financial Reporting Entity

The City of Buena Park was incorporated January 27, 1953 under the general laws of the State of California. The City became a charter City in November 2008.

The accounting policies of the City of Buena Park (the "City") conform to accounting principles generally accepted in the United States of America as applicable to governments. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. The accompanying financial statements include the financial activities of the City, and its component unit, the Buena Park Public Financing Authority.

The Buena Park Public Financing Authority (PFA) was formed for the purpose of financing acquisitions and infrastructure improvements. The PFA and the City have a financial and operational relationship, which requires that the PFA's financial statements be blended into the City's financial statements. The PFA's Board consists exclusively of all five members of the City Council. Separately issued financial statements of the PFA are not available.

B. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements.

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 programs are recognized as revenue as soon as all eligibility requirements imposed by providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Amounts are considered measurable when they can be estimated, or otherwise determined. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay for liabilities in 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.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the City.

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 enterprise fund and internal service funds are charges to customers for services provided. Operating expenses for the City's enterprise fund and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated in the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public protection, development, etc.).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

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. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

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

Government-wide and Fund Financial Statements

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The City's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given function 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.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major governmental funds are reported as separate columns in the fund financial statements.

Fund Classifications

The City reports the following major governmental funds:

The *General Fund* - is the general operating fund of the City. This fund is used to account for all financial resources of the City, except for those required to be accounted for in another fund.

The *State Gasoline Tax Fund* is used to account for street and maintenance projects of the public works department. Financing is provided by the City's allocation of State gasoline taxes.

The *City Capital Projects Fund* is used to account for the acquisition or construction of major capital facilities in the City.

The *Housing Successor Fund* - is used to account for future affordable housing projects. The majority of revenues recorded in the fund are loan repayments and proceeds for sale of properties held for low and moderate income housing purposes.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The City reports the following major proprietary fund:

The *Water Enterprise Fund* - is used to account for the costs (including depreciation) of providing water services to the general public and to account for the user charges by which these costs are recovered.

Additionally, the City reports the following fund types:

The *Internal Service Funds* - are used to finance and account for activities involved in rendering management information, equipment replacement and maintenance, building maintenance, employee benefits and self-insurance services to departments within the City. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services are rendered.

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City has two types of fiduciary funds, an agency fund and a private-purpose trust fund. Agency funds are used to account for the assets held for distribution by the City as an agent for another entity for which the City has custodial responsibility and accounts for the flow of assets. Private-purpose trust funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). Fiduciary funds are accounted for using the accrual basis of accounting. The City reports the following fiduciary funds:

Agency Funds – account for funds in which the City is acting as agent for another agency. The specific nature of the activities reported in the agency funds are the Buena Park Mall Community Facilities District and the Buena Park Tourism Marketing District. Agency funds are custodial in nature and do not involve measurement of results of operations, however, they do use the full accrual basis of accounting to recognize receivables and payables.

Successor Agency Private Purpose Trust Fund – accounts for assets and liabilities transferred in fiscal year 2012 from the Redevelopment Agency of the City of Buena Park to the Successor Agency Trust Fund.

C. Cash, Cash Equivalents and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investments, Continued

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

Cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. For the purpose of the statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

D. Inventories

Inventories held by the General Fund are stated at cost on a first-in, first-out basis. The General Fund inventories are recorded as an expenditure when used (consumption method).

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Property Held for Resale

Property held for resale held in the Fiduciary Fund represents land, structures and their related improvements that were acquired for resale in accordance with the objectives of the Central Business District Redevelopment Project. Property held for resale is also reported in the Housing and Community Development special revenue fund and General Fund. Property held for resale is valued at the lower of cost or expected net realizable value.

F. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets, donated works of art and similar items, and capital assets received in service concession arrangements are valued at their acquisition value on the date received. Generally, capital asset purchases in excess of \$1,000 are capitalized if they have an expected useful life of two years or more.

For capital assets, depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	25 - 45 years
Pumping Plant, Reservoir, Wells	15 - 50 years
Distribution System	25 - 50 years
Sewer Lines	75 years
Water System	20 - 75 years
Improvements	10 - 40 years
Machinery and Equipment	2 - 20 years
Furniture and Fixtures	2 - 20 years
Infrastructure	25 - 75 years

The City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City conducted a valuation of its infrastructure assets as of July 1, 2002. This valuation determined the original cost using one of the following methods:

- Use of historical records where available.
- Standard unit costs appropriate for the construction/acquisition date.
- Present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date.

Accumulated depreciation is defined as the total depreciation from the date of construction/acquisition to the current date on a straight line method using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

Interest accrued during capital assets construction, if any, is capitalized for the business-type activities as part of the asset cost.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the Fund Financial Statements, proprietary fund types recognize the interest payable when the liability is incurred.

H. Unearned revenue

In the Government-Wide Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are prepaid charges for services.

I. Claims and Judgments

The City records a liability for litigation, judgments and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service funds which account for the City's self-insurance activities.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

K. Long-Term Debt

Government-Wide Financial Statements – Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Issuance costs, except for prepaid bond insurance are expensed at the time of debt issuance.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Long-Term Debt, Continued

Fund Financial Statements – The governmental fund financial statements do not present long-term debt. As such, long-term debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Bond premiums and discounts, as well as issuance costs, are recognized during the current period as other financing sources or uses. Bond proceeds are reported as other financing sources.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

L. Property Taxes

Property taxes are reported on the modified accrual basis. Accordingly, they are recognized as levied provided they meet the modified accrual criteria. Property taxes not meeting the criteria are deferred until they are received or otherwise meet the criteria.

Property taxes were levied on assessed valuations on March 1 and became a lien on the property assessed on that date. Taxes on the secured rolls are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Taxes on unsecured property were assessed and payable on March 1 and became delinquent the following August 31.

All property taxes are collected by the County of Orange Tax Collector and are apportioned to participating agencies in accordance with a prearranged schedule of apportionments as follows:

Lien Date	January 1	
Levy Date	July 1 to June 30	
Due Date	November 1	- 1st Installment
	March 1	- 2nd Installment
Collection Date	December 10	- 1st Installment
	April 10	- 2nd Installment

The state constitutional amendment Proposition 13 (now Article XIII A to the Constitution) which became effective July 1, 1978, altered the method of property tax assessment. This amendment essentially reduces the total property tax levy to one percent of full cash value on the 1975-76 assessment adjusted upward by the lesser of the increase in CPI or per capita income indices or two percent compounded for each succeeding year except that property changing ownership subsequent to July 1, 1978 and improvements are reassessed at the time of the exchange or improvement and adjusted each year thereafter at the appropriate rate.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Net Position

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position are classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position” as defined above.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first.

N. Fund Balances

Fund Financial Statements

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). The new classification of fund balances is as follows:

Nonspendable Fund Balances

These include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, e.g., the principal of an endowment fund. Examples of “not in spendable form” include inventory, prepaid amounts, long-term notes and loans, property held for resale and other items not expected to be converted to cash. However, if the proceeds from the eventual sale or liquidation of the items would be considered restricted, committed or assigned (as defined further on) then these amounts would be included in the restricted, committed or assigned instead of the nonspendable classification. A debt service reserve fund held by a trustee is an example of fund balance in nonspendable form that is classified as restricted instead of nonspendable since the reserve is eventually liquidated to make the final debt service principal payment.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Fund Balances, Continued

Restricted Fund Balances

Restricted fund balances have externally enforceable limitations on use. The limitations on use can be imposed by creditors, grantors, or contributors as well as by constitutional provisions, City charter, enabling legislation, laws and government regulations.

Committed Fund Balances

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (Resolution) of the City Council are classified as committed fund balances.

Assigned Fund Balances

Fund balance amounts for which the City Council has expressed intent for use but not taken formal action to commit are reported as assigned under GASB 54.

Unassigned Fund Balance

These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories, or negative balances. For all funds other than the General Fund, amounts expended in excess of resources that are restricted, committed, or assigned, negative unassigned fund balance may be necessary to report.

Hierarchy of Expenditures to Classify Fund Balance Amounts

To determine the composition of ending fund balances, the Council established the order in which restricted and unrestricted (committed, assigned and unassigned) funds are to be expended. To this purpose, for expenditures made in any governmental fund, the restricted amounts will be reduced first, followed by committed amounts, assigned amounts, and then unassigned amounts.

The City uses encumbrance accounting throughout the fiscal year to encumber appropriations based upon purchase orders issued to the City's vendors. Encumbrances outstanding at year-end are reported as expenditures in the budgetary financial statements reported in the Required Supplementary Information and the Supplementary Information. General fund encumbrances not lapsed at year-end are reported as assigned amounts. For all other funds, encumbrances not lapsed at year-end are reported as part of the funds' restricted or committed balances according to the original source of funds.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Compensated Leave Payable

For governmental funds, compensated leave payable is recorded as current and noncurrent liabilities and as expenses only on the Government-Wide Financial Statements. For proprietary funds, current and non-current liabilities for compensated leave payable are recorded as expenses in both the Government-Wide Financial Statement and the Fund Financial Statement.

P. Use of Estimates

The preparation of the Basic Financial Statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

Q. Pension

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

R. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position 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. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

S. New Pronouncements

In 2018, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - The objective of this statement is to address reporting by governments that provide other postemployment benefits (OPEB) to their employees and for governments that finance OPEB for employees of other governments. The City restated its beginning net position as part of implementation of this statement.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* – 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. The requirements of this statement did not apply to the City for the current fiscal year.
- GASB Statement No. 85, *Omnibus 2017* – The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). There was no effect on net position as a result of implementation of this statement.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* – The objective of this statement is to improve consistency in accounting and financial reporting for 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 Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement did not apply to the City for the current fiscal year.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investment held by trustees.

A. Summary of Cash and Investments

The following is a summary of cash and investments at June 30, 2018:

	<u>Government-Wide Statement of Net Position</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and investments	\$ 57,521,039	\$ 17,341,140	\$ 7,909,341	\$ 82,771,520
Restricted cash and investments	1,254,448	200,596	16,183,111	17,638,155
Total cash and investments	\$ 58,775,487	\$ 17,541,736	\$ 24,092,452	\$ 100,409,675

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

Cash on hand	\$ 24,348
Deposits with financial institution	1,085,576
Total cash on hand and deposits	<u>1,109,924</u>
Local Agency Investment funds	10,554,656
Investments	71,106,940
Total investments	<u>81,661,596</u>
Total City Treasury	<u>82,771,520</u>
Cash with fiscal agent	<u>17,638,155</u>
Total cash and investments	<u>\$ 100,409,675</u>

B. Deposits

The carrying amount of the City's cash deposit was a positive amount of \$1,085,576 at June 30, 2018. Bank balances before reconciling items were a positive amount of \$5,026,587 at June 30, 2018. The City has waived the collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

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

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

B. Deposits, Continued

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

C. Investments

Under the provisions of the City's investment policy, and in accordance with the Code, the following investments are authorized:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Securities issued by the U.S. Treasury	5 years	No limit	No limit
U.S. Agency Securities and Instrumentalies	5 years	No limit	No limit
Banker's acceptances	180 days	20%	5% of portfolio
Negotiable Certificates of Deposit	5 years	30%	5% of portfolio
Federally Insured Time Deposits	5 years	20%	5% of portfolio
Time deposits	5 years	20%	5% of portfolio
Repurchase Agreements	10 days	15%	15% of portfolio
Medium-term Notes	5 years	30%	30% of portfolio
Commercial Paper	270 days	25%	5% of portfolio
Local Agency Investment Fund (LAIF)	N/A	35%	No limit
Mutual Funds	5 years	20%	10% of portfolio
Supranationals	5 years	30%	10% of portfolio

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds:

Interest income	\$ 524,646
Unrealized loss in changes in fair value of investments	<u>(1,109,776)</u>
Total investment income (loss)	<u><u>\$ (585,130)</u></u>

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally the City's practice is to buy and hold investments until maturity dates. Consequently, the City's investments are carried at fair value.

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 City's investments with LAIF at June 30, 2018, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

Asset-Backed Securities – the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2018, the City had \$10,554,656 invested in LAIF, which had invested 2.67% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.89% in the previous year. The LAIF fair value factor of 0.998126869 was used to calculate the fair value of the investments in LAIF.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures

Interest Risk: Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the City's portfolio not to exceed three years.

Investments held in the City Treasury grouped by maturity date at June 30, 2018, are shown below:

<u>Investment Type</u>	Total	12 months or less	13-36 months	37-60 months	61 months and later
United States Treasury Securities United States Government	\$ 21,048,256	\$ 4,524,993	\$ 7,966,083	\$ 8,557,180	\$ -
Sponsored Enterprise Securities	27,968,616	5,679,147	18,464,603	3,824,866	-
Medium-Term Corporate Notes (MTN)	16,725,558	5,932,264	6,892,550	3,900,744	-
Supranational	2,543,375	-	988,137	1,555,238	-
Negotiable Certificates of Deposit	1,500,000	1,500,000	-	-	-
Commercial Paper	1,091,093	1,091,093	-	-	-
Money Market Mutual Funds	230,042	230,042	-	-	-
Local Agency Investment Fund (LAIF)	10,554,656	10,554,656	-	-	-
Total	\$ 81,661,596	\$ 29,512,195	\$ 34,311,373	\$ 17,838,028	\$ -

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

At June 30, 2018, the City's deposits and investments were rated as follows:

<u>Investment Type</u>	Total	AAA	AA+	AA	AA-	A+	A	A-1	Unrated
United States Treasury Securities	\$ 21,048,256	\$ -	\$ 21,048,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
United States Government Sponsored Enterprise Securities	27,968,616	-	27,968,616	-	-	-	-	-	-
Medium-Term Corporate Notes (MTN)	16,725,558	443,352	981,595	497,397	3,853,283	5,918,359	5,031,572	-	-
Supranational	2,543,375	2,543,375	-	-	-	-	-	-	-
Negotiable Certificates of Deposit	1,500,000	-	-	-	-	-	-	1,500,000	-
Commercial Paper	1,091,093	-	-	-	-	-	-	1,091,093	-
Money Market Mutual Funds	230,042	230,042	-	-	-	-	-	-	-
Local Agency Investment Fund	10,554,656	-	-	-	-	-	-	-	10,554,656
Total	\$ 81,661,596	\$ 3,216,769	\$ 49,998,467	\$ 497,397	\$ 3,853,283	\$ 5,918,359	\$ 5,031,572	\$ 2,591,093	\$ 10,554,656

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, 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 investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2018, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California law.

Concentration of Credit Risks: The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments (excluding held by bond trustee) are as follows:

Issuer	Investment Type	Reported Amount	Percent of Investment
Government of United States	United States Treasury Securities	\$ 21,048,256	30%
Federal National Mortgage Association	Sponsored Enterprise Securities United States Government	11,017,249	15%
Federal Home Loan Bank	Sponsored Enterprise Securities United States Government	9,141,377	13%
Federal Home Loan Mortgage Corp.	Sponsored Enterprise Securities United States Government	6,278,408	9%

E. Fair Value of Investments

Investments (except those that may be reported at amortized cost) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2018 are described on the following page.

Investments included in restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurement.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

E. Fair Value of Investments, Continued

Investment Type	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Securities of U.S. Government				
United States Treasury Securities	\$ 21,048,256	\$ -	\$ 21,048,256	\$ -
United States Government Sponsored Enterprise Securities	27,968,616	-	27,968,616	-
Medium-Term Corporate Notes	16,725,558	-	16,725,558	-
Supranational	2,543,375	-	2,543,375	-
Negotiable Certificates of Deposit	1,500,000	-	1,500,000	-
Commercial Paper	1,091,093	-	1,091,093	-
Total investments subject to leveling	70,876,898	\$ -	\$ 70,876,898	\$ -
Investments not subject to leveling:				
Local Agency Investment Fund	10,554,656			
Money Market Funds	230,042			
Total Investments	\$ 81,661,596			

Treasury securities, Federal Agriculture Mortgage Corporation, Federal Farm Credit Bank Bonds, Federal Home Loan Banks, Federal Home Loan Mortgage Corporate Notes, Federal National Mortgage Association Notes, Medium-Term Corporate Notes, Supranational, Negotiable Certificates of Deposit, and Commercial Paper categorized as Level 2 are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means.

3. INTERFUND TRANSACTIONS

A. Due To/From Other Funds

At June 30, 2018, the City had the following due to/from other funds:

<u>Due To General Fund</u>	<u>Due From Other Funds</u>
Non-Major Governmental Funds	\$ 136,346
Total	<u>\$ 136,346</u>

The amounts due to the General Fund from other funds represent reclassified temporary negative cash balances pending grant reimbursements or other receivables. Current interfund balances arise in the normal course of operations and are expected to be repaid shortly after the end of the fiscal year.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

3. INTERFUND TRANSACTIONS, Continued

B. Transfers

At June 30, 2018, the City had the following transfers in/out which arise in the normal course of operations.

Transfers Out	Transfers In						Total
	General	State Gas Tax	City Capital Projects	Non-Major Govt Funds	Water Enterprise Fund	Internal Service Funds	
Major Govt Funds							
General Fund	\$ -	\$ -	\$ 10,044,999	\$ 1,361,223	\$ -	\$ 890,000	\$ 12,296,222
State Gas Tax	7,500	-	-	-	23,561	15,000	46,061
Non-major Govtl Funds	51,318	1,808,297	-	371,456	-	-	2,231,071
Total Govt Funds	58,818	1,808,297	10,044,999	1,732,679	23,561	905,000	14,573,354
Water Enterprise Fund	72,170	-	-	-	-	98,800	170,970
Internal Service Funds	-	-	-	-	-	141,200	141,200
Total	\$ 130,988	\$ 1,808,297	\$ 10,044,999	\$ 1,732,679	\$ 23,561	\$ 1,145,000	\$ 14,885,524

Transfers from the General Fund to the internal service fund were to cover public liability claims. Transfers from the General Fund to non major governmental funds were to supplement activities for special revenue funds as deficits were anticipated in those funds, to fund a fire building replacement.

Transfers within non major funds were to cover anticipated deficits and for capital improvement projects.

Transfers from the Water Enterprise fund were to compensate the General Fund for rent of City owned property and public liability claims.

Transfers within internal service funds were to cover public liability claims.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

4. LOANS, NOTES, AND OTHER RECEIVABLES

The City acting as the successor agency of the former redevelopment agency engages in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City’s terms. In the governmental fund financial statements, these loans have been offset by deferred inflows of resources as they are not expected to be repaid immediately.

Loans and notes receivable, including accrued interest and related deferred inflows of resources, comprised balances from the following programs, all of which are discussed below:

Description	Balance June 30, 2018
Governmental Funds:	
Home Improvement Loans	\$ 2,295,508
Low and Moderate Income Housing Loans	23,450,909
First Time Home Buyer Loans	5,920,001
Subtotal	<u>31,666,418</u>
Allowance for uncollectible loans	<u>(5,412,592)</u>
Total governmental funds	<u>\$ 26,253,826</u>
Internal Service Funds:	
Employee Computer Loans	<u>\$ 21,184</u>
Total Primary Government	<u><u>\$ 26,275,010</u></u>
Fiduciary Funds:	
Successor Agency - Redevelopment Loans	<u>\$ 99,325</u>
	<u><u>\$ 99,325</u></u>

5. UNEARNED REVENUE

Unearned revenues in the Government-Wide Financial Statements represent cash collected prior to June 30, 2018 for community classes and other activities that take place in the future. At June 30, 2018, unearned revenues in the Government-Wide Financial Statements were \$78,941.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

6. CAPITAL ASSETS

A. Government-Wide Financial Statements

The following is a summary of changes in the capital assets for the governmental activities during the fiscal year:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Non-depreciable assets:				
Right-of-way	\$ 48,894,346	\$ -	\$ -	\$ 48,894,346
Land	12,041,463	-	-	12,041,463
Construction in progress	6,777,573	25,510,657	(9,821,720)	22,466,510
Total non-depreciable assets	67,713,382	25,510,657	(9,821,720)	83,402,319
Depreciable assets:				
Buildings	86,846,694	-	-	86,846,694
Improvements	18,859,497	4,149,009	-	23,008,506
Machinery and equipment	21,754,913	4,097,302	(1,699,346)	24,152,869
Furniture and fixtures	1,348,499	3,921	-	1,352,420
Infrastructure:				
Road system	108,864,141	2,351,793	(326,696)	110,889,238
Storm drain system	5,951,479	-	-	5,951,479
Total depreciable assets	243,625,223	10,602,025	(2,026,042)	252,201,206
Less accumulated depreciation:				
Buildings	(15,368,980)	(1,793,553)	-	(17,162,533)
Improvements	(9,645,762)	(670,515)	-	(10,316,277)
Machinery and equipment	(13,058,288)	(1,298,657)	1,665,435	(12,691,510)
Furniture and fixtures	(709,770)	(58,433)	-	(768,203)
Infrastructure:				
Road system	(46,065,945)	(2,724,994)	242,412	(48,548,527)
Storm drain system	(1,916,587)	(148,753)	-	(2,065,340)
Total accumulated depreciation	(86,765,332)	(6,694,905)	1,907,847	(91,552,390)
Total depreciable assets, net	156,859,891	3,907,120	(118,195)	160,648,816
Total capital assets	\$ 224,573,273	\$ 29,417,777	\$ (9,939,915)	\$ 244,051,135

Depreciation expense by program for capital assets for the year ended June 30, 2018 was as follows:

General government	\$ 587,328
Leisure	620,909
Transportation	3,542,753
Public Protection	1,364,390
Development	47,253
Internal Service Fund Depreciation charged to Programs	532,272
Total depreciation expense	\$ 6,694,905

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

6. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in the capital assets for business-type activities during the fiscal year:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Non-depreciable assets:				
Land	\$ 2,500	\$ -	\$ -	\$ 2,500
Construction in progress	4,273,094	9,637,220	(2,717,016)	11,193,298
Total non-depreciable assets	<u>4,275,594</u>	<u>9,637,220</u>	<u>(2,717,016)</u>	<u>11,195,798</u>
Depreciable assets:				
Buildings	92,578	-	-	92,578
Improvements	1,130,418	297,094	-	1,427,512
Pumps and reservoirs	2,394,883	-	-	2,394,883
Hydrants, meters, and connections	5,370,003	-	-	5,370,003
Machinery and equipment	1,418,447	49,996	(23,190)	1,445,253
Infrastructure:				
Wells	4,691,845	-	-	4,691,845
Water and sewer lines	32,074,596	2,248,560	(82,873)	34,240,283
Total depreciable assets	<u>47,172,770</u>	<u>2,595,650</u>	<u>(106,063)</u>	<u>49,662,357</u>
Less accumulated depreciation:				
Buildings	(45,629)	(1,956)	-	(47,585)
Improvements	(153,415)	(56,521)	-	(209,936)
Pumps and reservoirs	(1,538,494)	(37,569)	-	(1,576,063)
Hydrants, meters, and connections	(4,421,344)	(59,093)	-	(4,480,437)
Machinery and equipment	(1,027,422)	(60,728)	23,190	(1,064,960)
Infrastructure:				
Wells	(2,362,863)	(103,477)	-	(2,466,340)
Water and sewer lines	(16,858,053)	(673,823)	68,985	(17,462,891)
Total accumulated depreciation	<u>(26,407,220)</u>	<u>(993,167)</u>	<u>92,175</u>	<u>(27,308,212)</u>
Total depreciable assets, net	<u>20,765,550</u>	<u>1,602,483</u>	<u>(13,888)</u>	<u>22,354,145</u>
Total capital assets	<u>\$ 25,041,144</u>	<u>\$ 11,239,703</u>	<u>\$ (2,730,904)</u>	<u>\$ 33,549,943</u>

Depreciation expense for the year ended June 30, 2018 was as follows:

Water	<u>\$ 993,167</u>
Total depreciation expense	<u>\$ 993,167</u>

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

6. CAPITAL ASSETS, Continued

B. Governmental Fund Financial Statements

The governmental fund financial statements do not present general government capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

7. LONG-TERM DEBT

A. Governmental Activities

The following is a summary of long-term debt transactions including amortization for the year ended June 30, 2018:

	Balance June 30, 2017 (as restated)	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in more than One Year
Governmental Activities:						
Pension Note Payable	\$ 3,930,488	\$ -	\$ (1,928,428)	\$ 2,002,060	\$ 2,002,060	\$ -
PFA - 2017 Lease Rev. Bonds	9,785,000	-	-	9,785,000	-	9,785,000
PFA - 2017 Lease Rev. Bonds						
Original issuance premium	502,621	-	(25,342)	477,279	-	477,279
Note payable - OCTA	420,800	-	(105,200)	315,600	105,200	210,400
Sales tax payable	16,044,485	-	(16,044,485)	-	-	-
Subtotal	22,650,276	-	(18,103,455)	12,579,939	2,107,260	10,472,679
Claims Payable	7,587,644	3,684,853	(3,516,003)	7,756,494	100,000	7,656,494
Employee Leave Benefits	2,736,392	588,678	(198,553)	3,126,517	21,000	3,105,517
Total Governmental Activities						
Long-Term Liabilities	\$ 32,974,312	\$ 4,273,531	\$ (21,818,011)	\$ 23,462,950	\$ 2,228,260	\$ 21,234,690

Pension Note Payable

In April 2009, the City entered into a credit agreement with Union Bank, whereby the City could borrow up to \$17,000,000. On May 28, 2009, the City issued a note to the bank in exchange for \$16,780,000. These funds were used to prepay the unfunded actuarial accrued liability related to the City's defined benefit plan for safety employees. This 10-year note matures on May 28, 2019 and bears interest at a rate of 4.16%. Principal and interest are due in monthly installments of \$171,253 commencing July 1, 2009.

The annual debt service requirements on this note are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 2,002,060	\$ 44,995	\$ 2,047,055
Total	\$ 2,002,060	\$ 44,995	\$ 2,047,055

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

**Buena Park Public Financing Authority 2017 Lease Revenue Bonds
(Fire Station Headquarters Project)**

On March 23, 2017, the Buena Park Public Financing Authority (PFA) issued \$9,785,000 of Lease Revenue Bonds (Bonds) bearing interest rates of 3.0 to 5.0% and payable semi-annually on November 1 and May 1, maturing on May 1, 2037. The proceeds of the Bonds was used to (i) finance a portion of the costs of acquisition, construction and improvement of a new City-owned Fire Station No. 61 to be located at 7440 La Palma Avenue in the City, in replacement for the former fire station located at 8081 Western Avenue in the City, as well the construction and installation of additional improvements to Fire Station No, 63 located at 9120 Holder Street in the City; (ii) fund capitalized interest on the Bonds through and including May 1, 2019; and (iii) pay costs of issuance of the Bonds. The outstanding principal balance of the 2017 Lease Revenue Bonds at June 30, 2018 was \$9,785,000.

The annual debt service requirements on this bond are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ -	\$ 378,750	\$ 378,750
2020	375,000	378,750	753,750
2021	385,000	367,500	752,500
2022	400,000	352,100	752,100
2023	425,000	332,100	757,100
2024-2028	2,455,000	1,320,750	3,775,750
2029-2033	2,985,000	790,925	3,775,925
2034-2037	2,760,000	255,401	3,015,401
Total	<u>\$ 9,785,000</u>	<u>\$ 4,176,276</u>	<u>\$ 13,961,276</u>

Note Payable – OCTA

In April 2009, the City entered into an agreement with Orange County Transportation Authority (OCTA) to purchase three vacant parcels of land located on Auto Center Drive for the purposes of resale. The total purchase price of the land was \$1,040,000, which included a \$514,000 down payment and a promissory note of \$526,000. The promissory note is secured by a lien on the parcels. The promissory note is to be repaid over a five (5) year period in annual principal installments of \$105,200, and accrues interest at a rate of two percent (2%) adjusted for OCTA’s short-term portfolio rate of return for the prior fiscal year.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

Note Payable – OCTA, Continued

The annual debt service requirements (assuming a 2% interest rate) are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 105,200	\$ 6,312	\$ 111,512
2020	105,200	4,208	109,408
2021	105,200	2,104	107,304
Total	<u>\$ 315,600</u>	<u>\$ 12,624</u>	<u>\$ 328,224</u>

Claims Payable

Claims payable are typically paid from the Workers' Compensation Self-Insurance Fund and the Public Liability Self-Insurance Fund. There is no fixed payment schedule for claims liabilities.

Employee Leave Benefits

Employee leave benefits payable to employees upon termination. The City's policies relating to the payment of these benefits are discussed in Note 1 of the notes to the financial statements. The liability at June 30, 2018, in the amount of \$3,126,517 is expected to be paid primarily by the general fund transfers to the accrued leave internal service fund in future years. There is no fixed schedule for the employee leave benefits liability.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. LONG-TERM DEBT, Continued

B. Business-Type Activities

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in more than One Year
Business-Type Activities						
Employee Leave Benefits	\$ 181,084	\$ 29,072	\$ (11,494)	\$ 198,662	\$ 42,000	\$ 156,662
Total	<u>\$ 181,084</u>	<u>\$ 29,072</u>	<u>\$ (11,494)</u>	<u>\$ 198,662</u>	<u>\$ 42,000</u>	<u>\$ 156,662</u>

Employee Leave Benefits

Employee leave benefits payable to employees upon termination. The City's policies relating to the payment of these benefits are discussed in Note 1 of the notes to the financial statements. The liability at June 30, 2018 was \$198,662. There is no fixed payment schedule for the employee leave benefits liability. The general fund is normally used to liquidate employee leave benefit obligations.

8. RISK MANAGEMENT

A. Coverage

In the self-insurance internal service funds, the City has recorded liabilities in the amount of \$8,170,792 for lawsuits and other claims arising in the ordinary course of City operations. The City is self-insured in both workers' compensation and general liability for the first \$500,000 per claim. The City maintains coverage in excess of this self-insured retention limit through the California Insurance Pool Authority (CIPA) for workers' compensation and general liability claims. CIPA is a public entity risk pool which operates a risk management and insurance program for 13 member cities within California, and is self-sustaining through member premiums.

The City has entered into contracts with claims administrators to process claims against the City for workers' compensation and general liability claims. Liabilities have been recorded for estimated losses from claims and judgments in the amount of \$7,059,761 for workers' compensation and \$696,733 for general liability. Losses for claims incurred but not reported are recorded when the probable amount of loss can be reasonably estimated.

B. Claims Activity

For the past three fiscal years, the City settled no cases at amounts in excess of the policy limits of applicable insurance coverage.

For the Years Ended June 30,	Claims Payable July 1	Fiscal Year Claims and Changes in Estimates	Claim Payments	Claims Payable June 30	Due Within One Year	Due in more than One Year
2015-2016	7,770,780	3,026,785	(1,495,665)	9,301,900	100,000	9,201,900
2016-2017	9,301,900	828,021	(2,542,277)	7,587,644	100,000	7,487,644
2017-2018	7,587,644	3,684,853	(3,516,003)	7,756,494	100,000	7,656,494

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS

A. Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of June 30, 2018 by individual plan are described in the following table:

	Deferred Employer Contributions	Deferred Outflows - Pension	Net Pension Liability	Deferred Inflows - Pension
CALPERS Miscellaneous				
Agent Multiple Employer Plan	\$ 3,184,356	\$ 5,535,726	\$ 40,594,698	\$ 1,357,849
CALPERS Cost Sharing Plan	4,735,608	13,591,860	67,933,536	5,800,030
Total	\$ 7,919,964	\$ 19,127,586	\$ 108,528,234	\$ 7,157,879

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan

I. General Information about the Pension Plan

Plan Description – All miscellaneous qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

Hire Date	City Miscellaneous Plan		
	Miscellaneous Prior to January 1, 2013	Miscellaneous Tier 2 On or after January 1, 2013*	Miscellaneous PEPRA On or after January 1, 2013*
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of annual salary	2.5% @ 55	2.0% @ 60	2.0% @ 62
Required employee contribution rates	8.000%	7.000%	6.250%
Required employer contribution rates	8.900%	8.900%	8.900%
Required unfunded liability payment	\$ 2,108,791	\$ -	\$ -

* New hires who are already enrolled in CalPERS are eligible for benefits under the second tier, and other new hires are enrolled in the PEPRA rate plans.

Employees Covered – At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

Inactive employees or beneficiaries currently receiving benefits	362
Inactive employees entitled to but not yet receiving benefits	242
Active employees	187
Total	791

Contributions – Section 20814(C) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with 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. For the measurement period ended June 30, 2017 (the measurement date), the average active employee contribution rate is 7.74 percent of annual pay for the Miscellaneous Plan, and employer contribution rate is 22.13 percent of annual payroll for the Miscellaneous Plan.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued

II. 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 shown below:

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 Cost
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Projected Salary Increase	3.3% - 14.2%
Investment Rate of Return (1)	7.15%
Mortality (2)	Derived using CalPERS' Membership Data for all
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Net of pension plan investment expenses.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued

II. Net Pension Liability, Continued

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
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%	-0.40%	-0.90%
Total	100%		

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

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

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued

III. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan follow:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016 (1)	\$ 127,859,044	\$ 90,309,489	\$ 37,549,555
Changes in the year:			
Service cost	2,148,370	-	2,148,370
Interest on the total pension liability	9,338,442	-	9,338,442
Differences between actual and expected experience	(2,072,201)	-	(2,072,201)
Changes in assumptions	7,411,183	-	7,411,183
Changes in benefit terms	-	-	-
Contribution - employer	-	2,959,042	(2,959,042)
Contribution - employee	-	997,916	(997,916)
Investment income	-	9,957,029	(9,957,029)
Administrative expenses	-	(133,336)	133,336
Benefit payments , including refunds of employee contributions	(7,329,296)	(7,329,296)	-
Net changes	9,496,498	6,451,355	3,045,143
Balance at June 30, 2017	\$ 137,355,542	\$ 96,760,844	\$ 40,594,698

(1) – The fiduciary net position includes receivables for employee service buyback, deficiency reserve, fiduciary self-insurance, and other items.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued

III. Changes in the Net Pension Liability, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		6.15%
Net Pension Liability	\$	58,280,231
Current Discount Rate		7.15%
Net Pension Liability	\$	40,594,698
1% Increase		8.15%
Net Pension Liability	\$	25,989,239

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

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

For the year ended June 30, 2018, the City recognized pension expense of \$5,371,563. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,184,356	\$ -
Differences between actual and expected experience	-	1,357,849
Changes in assumptions	4,188,930	-
Net differences between projected and actual earnings on plan investments	1,346,796	-
Total	<u>\$ 8,720,082</u>	<u>\$ 1,357,849</u>

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued

IV. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

\$3,184,356 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as pension expense as follows:

Fiscal Year		
Ending June 30:		
2019	\$	2,058,977
2020		2,270,563
2021		577,206
2022		(728,869)

V. Payable to Pension Plan

As of June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans

I. Plan Description

All safety qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors three safety rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued

II. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee’s Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2018 are summarized as follows:

Hire Date	City Cost Sharing Plan		
	Safety First Tier	Safety Second Tier	Safety PEPRA
	Prior to January 1, 2013	On or after January 1, 2013*	On or after January 1, 2013*
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	57
Monthly benefits, as a % of annual salary	3% @ 50	2% @ 50	2.7% @ 57
Required employee contribution rates	9.000%	9.000%	12.250%
Required employer contribution rates	21.418%	16.498%	12.729%
Required payment for unfunded liability	\$ 2,983,997	\$ 291	\$ 279

* New hires who are already enrolled in CalPERS are eligible for benefits under the second tier, and other new hires are enrolled in the PEPRA rate plans.

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City’s contributions to the Plan for the measurement period ended June 30, 2017 were \$4,131,562.

III. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$67,933,536.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued

III. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportionate of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2016 and 2017 were as follows:

Proportion - June 30, 2016	0.68943%
Proportion - June 30, 2017	<u>0.68500%</u>
Change - Increase (Decrease)	<u>-0.00443%</u>

For the year ended June 30, 2018, the City recognized pension expense of \$6,342,199. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,735,608	\$ -
Changes of assumptions	9,765,858	749,263
Differences between expected and actual experience	673,391	175,572
Changes in employer's proportion	1,023,272	2,313,017
Differences between the employer's contribution and the employer's proportionate share of contributions	-	2,562,178
Net differences between projected and actual earnings on plan investments	<u>2,129,339</u>	<u>-</u>
Total	<u>\$ 18,327,468</u>	<u>\$ 5,800,030</u>

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued

III. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

\$4,735,608 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:		
2019	\$	572,647
2020		5,366,816
2021		3,098,320
2022		(1,245,952)

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuations was determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return (1)	7.15%
Mortality	Derived by CalPERS membership data for all funds

(1) Net of pension plan investment expenses.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued

III. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
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%	-0.40%	-0.90%
Total	100%		

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

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

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. EMPLOYEE RETIREMENT PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued

III. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		6.15%
Net Pension Liability	\$	100,195,884
Current Discount Rate		7.15%
Net Pension Liability	\$	67,933,536
1% Increase		8.15%
Net Pension Liability	\$	41,560,675

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

Payable to the Pension Plan

At June 30, 2018 the City reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City provides post-employment medical benefits to retirees through the California Public Employees' Retirement System California Employer's Retiree Benefit Trust Fund (the PERS CERBT fund). The program is an agent multiple-employer defined benefit health care plan that provides health care insurance for eligible retirees. These benefits are available to employees who retire with the City at age 50 or older with at least 5 years of CalPERS service or those who satisfy certain disability requirements. The City pays monthly medical premiums ranging from \$126 to \$420 for each employees depending upon which group the employee belongs to and the number of individual covered by the policy. The Plan does not provide a publicly available financial report.

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or the employee associations. Currently, contributions are not required from the plan members. For the measurement period 2016-17, the City contributed \$679,039, including \$579,039 in benefit payments, \$461,000 in implicit rate subsidy, and a \$100,000 deposit to CERBT.

CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to prefund OPEB as described in GASB Statement 45. The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the City, not individualizing, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

Employees Covered

Inactive employees or beneficiaries currently receiving benefits	204
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>259</u>
Total	<u><u>463</u></u>

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Contribution Policy	Contributes full ADC
Salary Increases	Varies by Entry Age and Service
Projected Salary Increase	2.75%
Investment Rate of Return	7.00%
Mortality	CalPERS 1997-2015 Experience Study
Post Retirement Benefit Increase	Post-retirement mortality projected fully generational with Scale MP-2017
Healthcare Trend	4.00%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the following page.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Net OPEB Liability, Continued

Asset Class	Target Allocation*	Expected Real Rate of Return
US Large CAP	43.00%	7.80%
US Small Cap	23.00%	7.80%
Long-Term Corporate Bonds	12.00%	5.30%
Long-Term Government Bonds	6.00%	4.50%
TIPS	5.00%	7.80%
US Real Estate	8.00%	7.80%
All Commodities	3.00%	7.80%
Assumed Long-Term Rate of Inflation		2.75%
Assumed Long-Term Investment Expenses		n/a
Expected Long-Term Net Rate of Return, Rounded		7.00%
Discount Rate**		7.00%

*Provided by CalPERS' Strategic Asset Allocation Analysis Overview in August 2014 – Strategy 1

**The fiduciary net position is projected to be sufficient to make projected benefit payments, and

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Changes in the net OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2016	\$ 7,463,074	\$ 1,487,074	\$ 5,976,000
Changes in the year:			
Service cost	113,330	-	113,330
Interest on the total OPEB liability	506,741	-	506,741
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	658,051	(658,051)
Contribution - employee	-	-	-
Net investment income	-	157,061	(157,061)
Administrative expenses	-	(1,323)	1,323
Benefit payments , including refunds of employee contributions	(558,051)	(558,051)	-
Net changes	62,020	255,738	(193,718)
Balance at June 30, 2017	\$ 7,525,094	\$ 1,742,812	\$ 5,782,282

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$ 6,563,564	\$ 5,782,282	\$ 5,127,721

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (3.0%)	Current Healthcare Trend Rate (4.0%)	1% Increase (5.0%)
Net OPEB Liability	\$ 5,385,842	\$ 5,782,282	\$ 7,305,002

Recognition of Deferred Outflow and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB 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 OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
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OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$464,333. For the fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 769,809	\$ -
Total	\$ 769,809	\$ -

The \$769,809 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

11. CLASSIFICATION OF FUND BALANCES

In the fund financial statements, fund balances are classified in the following categories:

	Major Governmental Funds				Non Major Government Funds	Total Government
	General	State Gas Tax	Housing Successor	City Capital Projects		
Fund Balances						
Nonspendable fund balance:						
Prepays	\$ 49,192	\$ -	\$ -	\$ -	\$ -	\$ 49,192
Inventory	84,080	-	-	-	-	84,080
Property held for resale	4,808,517	-	-	-	-	4,808,517
	<u>4,941,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,941,789</u>
Restricted fund balance for:						
Low/Mod Housing	-	-	24,448,554	-	9,917,794	34,366,348
Public Protection	549,121	-	-	-	768,668	1,317,789
Environmental	-	-	-	-	612,234	612,234
Transportation	-	2,701,551	-	-	1,545,169	4,246,720
Development	-	-	-	-	1,087,692	1,087,692
	<u>549,121</u>	<u>2,701,551</u>	<u>24,448,554</u>	<u>-</u>	<u>13,931,557</u>	<u>41,630,783</u>
Assigned fund balance for:						
Low/Mod Housing	6,485,578	-	-	-	-	6,485,578
Capital projects	-	-	-	55,710	-	55,710
	<u>6,485,578</u>	<u>-</u>	<u>-</u>	<u>55,710</u>	<u>-</u>	<u>6,541,288</u>
Unassigned fund balance	<u>27,201,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,201,218</u>
	<u>27,201,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,201,218</u>
Total Fund Balances	\$ 39,177,706	\$ 2,701,551	\$ 24,448,554	\$ 55,710	\$ 13,931,557	\$ 80,315,078

12. DEFICIT FUND BALANCES

The following funds reported deficits in fund balances at June 30, 2018:

Worker's Compensation Self Insurance Internal Service Fund	2,955,060
Buildings and Grounds Maintenance Internal Service Fund	22,835

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

13. MORTGAGE REVENUE BONDS

In July 2000, the City of Buena Park issued, in conjunction with Walden Glen, LP, Variable Rate Demand Multifamily Housing Revenue Bonds, Series 2000 to provide funds for rehabilitation and permanent financing for a multifamily housing facility located in the City. The debt is a special obligation of the limited partnership and is payable solely from payments made on mortgage loans and are secured by a pledge of such mortgage loans. Neither the faith nor the taxing power of the City of Buena Park has been pledged to the payment of the bonds. Accordingly, the debt is not reported a liability in the accompanying financial statements.

14. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. Many cities (and some counties) in California had established a redevelopment agency. In many cases, such redevelopment agencies were included within the reporting entity of the city or county as a blended component unit (since the governing board of the city or county, in many cases, also served as the governing board of the redevelopment agency).

The Bill provides that upon dissolution of a redevelopment agency, the entity that established the redevelopment agency may elect to serve as the "Successor Agency" to hold the assets of the former redevelopment agency until they are distributed to other units of state and local government after the payment of enforceable obligations that were in effect as of the signing of the Bill. If the entity that established the redevelopment agency declines to accept the role of Successor Agency, other local agencies may elect to perform this role. If no local agency accepts the role of Successor Agency, the Governor is empowered by the Bill to establish a "designated local authority" to perform this role. The City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 12685

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 approval of a newly established Oversight Board, remaining assets can only be used to pay enforceable obligations in existence as of February 1, 2012, the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). The Bill sets forth a process for each agency to identify and report these enforceable obligations on an Enforceable Obligation Payment Schedule (EOPS) and a Recognized Obligation Payment Schedule (ROPS).

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

14. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

Upon the date of the dissolution (February 1, 2012), significant matters previously controlled by the city councils of the cities that created each redevelopment agency are now subject to the approval of a seven-member Oversight Board, including the following:

- Approval of the sale and distribution of all assets
- Approval of any change in obligation terms
- Approval of any prepayment or defeasance of debt
- Approval of acceptance of grants
- Approval of funding of debt service reserves
- Approval of the budget for any remaining activities

Many of these actions and determinations of the Successor Agency also require the approval of the California Department of Finance (DOF).

In future fiscal years, Successor Agencies will only be allocated property tax 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.

Under AB 1X 26, agencies that accept the role of Successor Agency will serve as custodian for the assets of the dissolved redevelopment agency pending distribution to the appropriate taxing entities after the payment of enforceable obligations. Accordingly, the net position of the dissolved redevelopment agency that are held pending distribution are accounted for in a private-purpose trust fund.

In June 2012, the California legislature passed AB 1484. AB 1484 provided clarification regarding the dissolution process and imposed new requirements. AB 1484 declared that Successor Agencies are separate legal entities distinct from the sponsoring government, clarified matters pertaining to the affordable housing programs previously performed by the former redevelopment agency, clarified matters pertaining to EOPS and ROPS, established the requirement for all Successor Agencies to have a due diligence review, established a process to receive a Finding of Completion that will provide significant benefits to local agencies (allowing them to begin spending debt proceeds and providing a formula for the repayment of money previously borrowed from the sponsoring government), and made a number of other significant changes in the dissolution process and the post-dissolution activities of Successor Agencies.

A. Capital Assets

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Non-depreciable assets:				
Construction in progress	\$ 3,439,907	\$ 519,291	\$ -	\$ 3,959,198
Total non-depreciable assets	3,439,907	519,291	-	3,959,198
Total capital assets	\$ 3,439,907	\$ 519,291	\$ -	\$ 3,959,198

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

14. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

B. Long Term Debt

	Balance July 1, 2017	Deletions	Amortization	Balance June 30, 2018	Due Within One Year	Due in more than One Year
Fiduciary Funds Activities						
Tax Allocation Bonds						
2003 Tax Allocation Bonds	\$ 11,231,447	\$ (1,220,000)	\$ (2,994)	\$ 10,008,453	\$ 1,270,000	\$ 8,738,453
2008 Tax Allocation Bonds, Series A	46,820,716	(575,000)	(3,618)	46,242,098	625,000	45,617,098
2008 Tax Allocation Bonds, Series B	18,145,000	(2,155,000)	-	15,990,000	2,280,000	13,710,000
Total Tax Allocation Bonds	<u>76,197,163</u>	<u>(3,950,000)</u>	<u>(6,612)</u>	<u>72,240,551</u>	<u>4,175,000</u>	<u>68,065,551</u>
Total	<u>\$ 76,197,163</u>	<u>\$ (3,950,000)</u>	<u>\$ (6,612)</u>	<u>\$ 72,240,551</u>	<u>\$ 4,175,000</u>	<u>\$ 68,065,551</u>

Series 2003 Tax Allocation Refunding Bonds

On July 2, 2003, the Redevelopment Agency of the City of Buena Park issued \$24,055,000 of Tax Allocation Bonds to provide funds to advance refund the 1992 Refunding Tax Allocation Bond Series A and B issued by the Agency. The 2003 Bonds were issued at a premium of \$63,363. This premium is being amortized on a straight-line basis as interest expense through 2024. The advance refunding met the requirements of an in-substance defeasance and the 1992 Tax Allocation Bonds were removed from the Agency's long-term debt. The principal balance on the 1992 Tax Allocation Bonds was paid off on September 2, 2003.

The 2003 Tax Allocation Bonds are special obligations of the Agency secured by tax increment revenues on parity with the Agency's \$8,265,000 aggregate principal amount of the 2000 Refunding Tax Allocation Bonds issued for redevelopment purposes. The reserve requirement of \$1,658,129 is covered by \$1,672,038 held by the Successor Agency Private Purpose Trust.

The Bonds are payable in annual installments through maturity on September 1, 2004. Interest is payable semiannually on March 1 and September 1, with rates ranging from 2.0% to 4.2% per annum. Bonds outstanding at June 30, 2018 were \$10,008,453.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$495,798. As of June 30, 2018 the unamortized balance of the deferred loss on refunding was \$0.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

14. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

B. Long Term Debt, Continued

Series 2003 Tax Allocation Refunding Bonds, Continued

Future debt services requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,270,000	\$ 377,835	\$ 1,647,835
2020	1,315,000	328,063	1,643,063
2021	1,365,000	275,120	1,640,120
2022	1,420,000	219,420	1,639,420
2023	1,480,000	98,770	1,578,770
2024-2025	3,140,000	194,280	3,334,280
Subtotal	9,990,000	<u>\$ 1,493,488</u>	<u>\$ 11,483,488</u>
Bond premium	18,453		
Total	<u>\$ 10,008,453</u>		

2008 Tax Allocation Bonds, Series A

On February 26, 2008, Redevelopment Agency of the City of Buena Park issued \$48,800,000 Tax Allocation Bonds, Series A for redevelopment purposes. The 2008 Bonds were issued at a premium of \$99,183. This premium is being amortized on a straight-line basis as interest expense through 2035.

The 2008 Tax Allocation Bonds, Series A, are special obligation of the Agency secured by tax increment revenues on a parity with the Agency's \$8,265,000 and \$20,635,000 aggregate principal amount of the Tax Allocation Bonds, Series 2000 and 2003 Tax Allocation Refunding Bonds, respectively. The reserve requirement of \$3,700,972 is covered by \$3,705,017 held in a reserve fund by the fiscal agent for the bonds.

The Bonds are payable in annual installments through maturity on September 1, 2035. Interest is payable semiannually on March 1 and September 1, with rates ranging from 3.0% to 6.25% per annum. Bonds outstanding at June 30, 2018 were \$46,242,098.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

14. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

B. Long Term Debt, Continued

2008 Tax Allocation Bonds, Series A, Continued

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 625,000	\$ 2,561,510	\$ 3,186,510
2020	680,000	2,531,468	3,211,468
2021	750,000	2,497,675	3,247,675
2022	800,000	2,460,663	3,260,663
2023	875,000	2,419,588	3,294,588
2024-2028	12,495,000	10,682,144	23,177,144
2029-2033	19,270,000	5,996,563	25,266,563
2034-2036	10,685,000	976,500	11,661,500
Subtotal	46,180,000	<u>\$ 30,126,111</u>	<u>\$ 76,306,111</u>
Bond premium	62,098		
Total	<u>\$ 46,242,098</u>		

2008 Tax Allocation Bonds, Series B

On June 4, 2008, Redevelopment Agency of the City of Buena Park issued \$26,920,000 Tax Allocation Bonds, Series B for redevelopment purposes. The 2008 Tax Allocation Bonds, Series B, are a special obligation of the Agency secured by tax increment revenues on a parity with the Agency's \$8,265,000, \$20,635,000, and \$48,800,000 aggregate principal amount of the Tax Allocation Bonds, Series 2000, 2003 Tax Allocation Refunding Bonds, and 2008 Tax Allocation Bonds, Series A, respectively. The reserve requirement of \$2,493,224 is covered by \$2,493,390 held in a reserve fund by the fiscal agent for the bonds.

The Bonds are payable in annual installments through maturity on September 1, 2023. Interest is payable semiannually on March 1 and September 1, with rates ranging from 5.093% to 6.253% per annum. Bonds outstanding at June 30, 2018 were \$15,990,000.

City of Buena Park
Notes to Basic Financial Statements
For the year ended June 30, 2018

14. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

B. Long Term Debt, Continued

2008 Tax Allocation Bonds, Series B, Continued

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 2,280,000	\$ 926,519	\$ 3,206,519
2020	2,425,000	781,469	3,206,469
2021	2,575,000	625,144	3,200,144
2022	2,730,000	459,283	3,189,283
2023	2,900,000	283,261	3,183,261
2024	3,080,000	96,296	3,176,296
Total	\$ 15,990,000	\$ 3,171,972	\$ 19,161,972

15. PRIOR PERIOD ADJUSTMENT

The City recorded prior period adjustments to recognize beginning balances for deferred employer contributions made for OPEB benefits and the net OPEB liability as part of implementation of GASB Statement No. 75, and to correct the beginning balance of sales tax payable due to reallocation of previously paid sales tax.

Government-wide Statements

	Net Position as Previously Reported	Prior Period Adjustment			Net Position as Restated	
		Deferred Employer OPEB Contributions	Net OPEB Obligation	Net OPEB Liability		Sales Tax Payable
Government-Wide Statements						
Governmental Activities	\$ 250,758,109	\$ 658,051	\$ (758,566)	\$ (5,976,000)	\$ (8,033,118)	\$ 236,648,476

16. EXCESS EXPENDITURES OVER APPROPRIATIONS

Actual expenditures for the General Fund are \$12,923,669 above budget, which is primarily due to the \$16,045,000 unbudgeted repayment of sales tax payable.

Actual expenditures for the Housing Successor Special Revenue Fund are \$87,053 above budget, which is primarily due adjustment of allowances for uncollectible loans, which are is not budgeted.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Buena Park
Required Supplementary Information
For the year ended June 30, 2018

1. BUDGETS AND BUDGETARY ACCOUNTING

A. Budgetary Control and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for governmental funds. The City's budget ordinance requires that in June of each year the City Administrator must submit a preliminary budget that includes projected expenditures and the means of financing them to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council in June of the fiscal year. After adoption of the final budget, transfers of appropriations within the general fund departments may be done by the City Manager. Budget transfers within a department/fund may be done by department heads. Budget modifications between funds and increases or decreases to a fund's overall budget must be approved by the City Council. Numerous properly authorized amendments are made during the fiscal year.

Budgetary control is enhanced by integrating the budget into the general ledger accounts. Encumbrance accounting (e.g. purchase orders) is employed by the City.

City of Buena Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

B. Budgetary Comparison Schedules

The following are the budget comparison schedules for all major Governmental Funds.

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 45,639,600	\$ 45,639,600	\$ 43,872,249	\$ (1,767,351)
Licenses and permits	649,800	649,800	790,570	140,770
Fines and forfeitures	887,050	1,009,460	890,839	(118,621)
Intergovernmental	7,905,630	8,005,092	8,316,055	310,963
Charges for services	6,914,560	6,931,560	7,343,624	412,064
Investment income	496,000	496,000	323,503	(172,497)
Miscellaneous	166,660	1,249,160	1,014,060	(235,100)
Total revenues	62,659,300	63,980,672	62,550,900	(1,429,772)
EXPENDITURES:				
Current:				
General government:				
City Council	316,560	321,560	331,931	(10,371)
City Manager	895,140	913,744	954,707	(40,963)
Community Support Services	705,050	711,137	643,417	67,720
City Attorney	341,170	341,170	379,899	(38,729)
City Clerk	454,580	493,254	453,106	40,148
Internal Support Services	1,189,150	1,203,498	1,177,646	25,852
Finance	970,190	1,004,782	947,076	57,706
Public Works	1,589,290	1,671,461	1,566,460	105,001
Non-departmental	1,002,000	1,002,000	867,822	134,178
Total General Government	7,463,130	7,662,606	7,322,064	340,542
Leisure:				
Recreation Administration	3,134,080	3,169,993	3,153,932	16,061
Health:				
Public Works	3,204,030	3,204,030	3,152,943	51,087
Transportation				
Police Department	91,350	91,350	89,909	1,441
Public Works	5,022,560	5,247,881	4,887,140	360,741
Total Transportation	5,113,910	5,339,231	4,977,049	362,182
Public Protection:				
Community Development Services	681,520	693,015	734,514	(41,499)
Fire Department	10,953,450	10,990,050	11,000,053	(10,003)
Police Department	24,598,770	25,803,535	24,314,384	1,489,151
Total Public Protection	36,233,740	37,486,600	36,048,951	1,437,649
Development:				
Community Development Services	2,240,460	2,967,793	2,225,393	742,400
Public Works	99,940	102,952	108,969	(6,017)
Total Development	2,340,400	3,070,745	2,334,362	736,383
Environmental:				
Recreation, Parks, and Community Services	3,434,060	3,464,031	3,524,466	(60,435)

City of Buena Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

B. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, General Fund, Continued

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES: Continued				
Capital Outlay	348,210	6,002,158	5,374,949	627,209
Debt Service:				
Principal	2,033,640	2,033,640	18,078,113	(16,044,473)
Interest and Other Charges	135,030	135,030	524,904	(389,874)
Total expenditures	63,440,230	71,568,064	84,491,733	(12,923,669)
REVENUES OVER (UNDER) EXPENDITURES	(780,930)	(7,587,392)	(21,940,833)	(14,353,441)
OTHER FINANCING SOURCES (USES):				
Transfers in	149,670	1,189,703	130,988	(1,058,715)
Transfers out	(1,126,880)	(14,303,527)	(12,296,222)	2,007,305
Insurance recoveries	-	181,600	1,481,109	1,299,509
Proceeds from sale of capital assets	2,000	2,000	1,878	(122)
Total other financing sources (uses)	(975,210)	(12,930,224)	(10,682,247)	2,247,977
Special Item				
Sales tax recoveries	47,520	47,520	6,621,014	6,573,494
Extraordinary Item				
Write off of amount due from Successor Agency	-	-	(7,191,489)	(7,191,489)
Net change in fund balance	\$ (1,708,620)	\$ (20,470,096)	(33,193,555)	\$ (12,723,459)
FUND BALANCE:				
Beginning of year			72,371,261	
End of year			<u>\$ 39,177,706</u>	

City of Buena Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

B. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Gasoline Tax Special Revenue Fund

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES:				
Intergovernmental	\$ 1,694,630	\$ 5,611,511	\$ 3,635,485	\$ (1,976,026)
Investment income	16,000	16,000	(15,008)	31,008
Total revenues	<u>1,710,630</u>	<u>5,627,511</u>	<u>3,620,477</u>	<u>(1,945,018)</u>
EXPENDITURES:				
Current:				
Transportation	612,090	628,886	515,922	112,964
Capital outlay	<u>2,339,200</u>	<u>7,598,972</u>	<u>4,203,186</u>	<u>3,395,786</u>
Total expenditures	<u>2,951,290</u>	<u>8,227,858</u>	<u>4,719,108</u>	<u>3,508,750</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,240,660)</u>	<u>(2,600,347)</u>	<u>(1,098,631)</u>	<u>1,501,716</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,435,000	2,531,042	1,808,297	(722,745)
Transfers out	<u>(222,500)</u>	<u>(791,603)</u>	<u>(46,061)</u>	<u>837,664</u>
Total other financing sources (uses)	<u>1,212,500</u>	<u>1,739,439</u>	<u>1,762,236</u>	<u>114,919</u>
Net change in fund balance	<u>\$ (28,160)</u>	<u>\$ (860,908)</u>	663,605	<u>\$ 1,616,635</u>
FUND BALANCE:				
Beginning of year			<u>2,037,946</u>	
End of year			<u>\$ 2,701,551</u>	

City of Buena Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

B. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Housing Successor Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 52,570	\$ 52,570
Miscellaneous	100,000	100,000	404,580	304,580
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>457,150</u>	<u>357,150</u>
EXPENDITURES:				
Current:				
Development	411,100	415,498	502,551	(87,053)
Total expenditures	<u>411,100</u>	<u>415,498</u>	<u>502,551</u>	<u>(87,053)</u>
Net change in fund balance	<u>\$ (311,100)</u>	<u>\$ (315,498)</u>	(45,401)	<u>\$ 270,097</u>
FUND BALANCE:				
Beginning of year			<u>24,493,955</u>	
End of year			<u>\$ 24,448,554</u>	

City of Buena Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

2. DEFINED PENSION PLAN – AGENT MULTIPLE EMPLOYER PLAN

**A. Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Period**

Miscellaneous Plan

Fiscal Year	2018	2017	2016	2015
Measurement Period ⁽¹⁾	2016-17	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY				
Service Cost	\$ 2,148,370	\$ 1,992,348	\$ 1,988,943	\$ 1,913,799
Interest	9,338,442	9,259,401	9,046,796	8,817,350
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	(2,072,201)	(1,430,631)	(1,277,341)	-
Changes of Assumptions	7,411,183	-	(2,091,915)	-
Benefit Payments, Including Refunds of Employee Contributions	(7,329,296)	(6,868,870)	(6,786,470)	(6,624,277)
Net Change in Total Pension Liability	9,496,498	2,952,248	880,013	4,106,872
Total Pension Liability - Beginning	127,859,044	124,906,796	124,026,783	119,919,911
Total Pension Liability - Ending (a)	\$ 137,355,542	\$ 127,859,044	\$ 124,906,796	\$ 124,026,783
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 2,959,042	\$ 2,571,401	\$ 2,006,400	\$ 1,815,454
Contributions - Employee	997,916	964,624	951,393	887,335
Net Investment Income	9,957,029	452,819	2,115,027	14,422,158
Benefit Payments, Including Refunds of Employee Contributions	(7,329,296)	(6,868,870)	(6,786,470)	(6,624,277)
Administrative Expense	(133,336)	(56,829)	(104,951)	-
Net Change in Fiduciary Net Position	6,451,355	(2,936,855)	(1,818,601)	10,500,670
Plan Fiduciary Net Position - Beginning	90,309,489	93,246,344	95,064,945	84,564,275
Plan Fiduciary Net Position - Ending (b)	\$ 96,760,844	\$ 90,309,489	\$ 93,246,344	\$ 95,064,945
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 40,594,698	\$ 37,549,555	\$ 31,660,452	\$ 28,961,838
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.45%	70.63%	74.65%	76.65%
Covered Payroll	\$ 12,895,891	\$ 12,045,152	\$ 11,636,737	\$ 11,292,848
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	314.79%	311.74%	272.07%	256.46%

(1) – Historical information is required only for measurement periods for which GASB 68 is applicable. The schedule is intended to show information for ten years; additional years' information will be displayed as it becomes available.

Notes to Schedules

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

Changes of Assumptions: In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent. In 2017, the discount rate was changed from 7.65 percent to 7.15 percent.

City of Buena Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

2. DEFINED BENEFIT PENSION PLANS – AGENT MULTIPLE EMPLOYER PLAN, Continued

B. Schedule of Plan Contributions

	<u>Fiscal Year 2017-18</u>	<u>Fiscal Year 2016-17</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2014-15</u>
Actuarially determined contribution	\$ 3,184,856	\$ 2,853,983	\$ 2,571,401	\$ 2,006,400
Contribution in relation to the actuarially determined contributions	<u>(3,184,856)</u>	<u>(2,853,983)</u>	<u>(2,571,401)</u>	<u>(2,006,400)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,391,602	\$ 12,895,891	\$ 12,045,152	\$ 11,636,737
Contributions as a percentage of covered payroll	22.13%	22.13%	21.35%	17.24%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable

3. DEFINED BENEFIT PENSION PLANS – COST SHARING PLAN

A. Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years*

Fiscal year:	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.37446%	0.68943%	0.67629%	0.64148%
Proportionate share of the net pension liability	\$ 67,933,536	\$ 59,657,145	\$ 46,420,099	\$ 38,926,454
Covered payroll	\$ 9,280,685	\$ 8,412,906	\$ 8,024,373	\$ 8,881,515
Proportionate share of the net pension liability as a percentage of covered payroll	732%	709%	578%	438%
Plan's share of fiduciary net position as a percentage of total pension liability	73.31%	74.06%	78.40%	79.82%

City of Buena Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

3. DEFINED BENEFIT PENSION PLANS – COST SHARING PLAN, Continued

B. Schedule of Contributions – Last 10 Years*

	<u>Fiscal Year 2017-18</u>	<u>Fiscal Year 2016-17</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2014-15</u>
Actuarially determined contribution	\$ 4,735,608	\$ 4,131,562	\$ 3,615,462	\$ 2,299,785
Contribution in relation to the actuarially determined contributions	<u>(4,735,608)</u>	<u>(4,131,562)</u>	<u>(3,615,462)</u>	<u>(2,299,785)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 8,505,254	 \$ 9,280,685	 \$ 8,412,906	 \$ 8,024,373
 Contributions as a percentage of covered payroll	 55.68%	 44.52%	 42.98%	 28.66%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable

City of Buena Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

4. OTHER POST EMPLOYMENT BENEFITS (OPEB)

**A. Schedule of Changes in Net OPEB Liability and Related Ratios
During the Measurement Period***

<i>Measurement Period</i>	2017
Total OPEB Liability	
Service Cost	\$ 113,330
Interest on the total OPEB liability	506,741
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(558,051)
Net change in total OPEB liability	62,020
Total OPEB liability - beginning	7,463,074
Total OPEB liability - ending (a)	\$ 7,525,094
 Plan Fiduciary Net Position	
Contributions - employer	\$ 658,051
Contributions - employee	-
Net investment income	157,061
Benefit payments, including refunds of employee contributions	(558,051)
Administrative expense	(1,323)
Net change in plan fiduciary net position	255,738
Plan fiduciary net position - beginning	1,487,074
Plan fiduciary net position - ending (b)	\$ 1,742,812
Net OPEB liability/(asset) - ending (a) - (b)	\$ 5,782,282
Plan fiduciary net position as a percentage of the total OPEB liability	23.16%
Covered-employee payroll	\$ 22,176,576
Net OPEB liability as a percentage of covered-employee payroll	26.07%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable

City of Buena Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

4. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

**A. Schedule of Changes in Net OPEB Liability and Related Ratios
During the Measurement Period*, Continued**

Fiscal Year Ended June 30	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 365,000
Contributions in relation to the ADC	<u>(378,000)</u>
Contribution deficiency (excess)	<u>\$ (13,000)</u>
 Covered-employee payroll	 \$ 6,470,000
 Contributions as a percentage of covered-employee payroll	 5.64%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable

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SUPPLEMENTARY INFORMATION

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City of Buena Park
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
City Capital Projects Fund
For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1,000	\$ 1,000	\$ (6,728)	\$ (7,728)
Miscellaneous	-	140,000	70,000	(70,000)
Total revenues	1,000	141,000	63,272	(77,728)
EXPENDITURES:				
Current:				
Capital outlay	-	11,952,159	10,044,999	1,907,160
Total expenditures	-	11,952,159	10,044,999	1,907,160
REVENUES OVER (UNDER) EXPENDITURES	1,000	(11,811,159)	(9,981,727)	1,829,432
OTHER FINANCING SOURCES (USES):				
Transfers in	-	11,616,567	10,044,999	(1,571,568)
Total other financing sources (uses)	-	11,616,567	10,044,999	(1,571,568)
Net change in fund balance	\$ 1,000	\$ (194,592)	63,272	\$ 257,864
FUND BALANCE:				
Beginning of year			(7,562)	
End of year			\$ 55,710	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Asset Forfeiture Fund accounts for the assets seized as a result of drug enforcement activities.

Proposition 172 Police Augmentation Fund accounts for the half-cent sales tax remitted to the City from other governmental agencies to be expended for public safety.

Measure M2 Fund accounts for Measure M2 funds restricted for transportation facility and service improvements.

Local Law Enforcement Block Grant Fund accounts for grant monies received for local law enforcement activities.

Orange County Anti-Drug Abuse Fund accounts for revenue received for multi-jurisdiction anti-drug task force.

Traffic Congestion Relief Fund accounts for the Governor's transportation congestion relief program revenue received for the repair and reconstruction of streets.

State OCATT Fund accounts for revenue received for investigation and prosecution of criminals belonging to major auto theft rings.

COPS/SLESF Fund accounts for COPS/SLESF revenue received for policing and law enforcement activities.

Housing and Community Development Fund accounts for commercial and residential improvement projects of the planning, economic development, and public works departments. Financing is provided by a federal grant from the Department of Housing and Urban Development.

AB 2766/AQMD Fund accounts for AB 2766/AQMD revenue received for air quality improvement projects.

HOME Loans Special Revenue Fund accounts for grant monies received from the first-time homebuyer down payment assistance program.

CAPITAL PROJECT FUND

Park-in-Lieu Fund accounts for recreational development projects financed by developer fees paid in-lieu of park development.

City of Buena Park
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Special Revenue				
	Asset	Proposition 172	Measure	Local Law	Orange County
	Forfeiture	Police Augmentation	M2	Enforcement Block Grant	Anti-Drug Abuse
ASSETS					
Cash and investments	\$ 277,940	\$ 225,934	\$ 1,132,491	\$ 88,948	\$ 20,112
Restricted cash and investments	-	-	-	-	-
Accounts receivable	511	12,122	289,504	-	-
Interest receivable	1,049	867	4,291	336	76
Loans receivable, net	-	-	-	-	-
Due from other governments	-	72,136	247,192	-	-
Property held for resale	-	-	-	-	-
Total assets	\$ 279,500	\$ 311,059	\$ 1,673,478	\$ 89,284	\$ 20,188
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 10,840	\$ 337	\$ 26,828	\$ -	\$ -
Accrued liabilities	83,331	6,968	14,232	651	-
Retention payable	-	-	14,509	-	-
Due to other funds	-	-	-	-	-
Total liabilities	94,171	7,305	55,569	651	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	289,504	-	-
Total deferred inflows of resources	-	-	289,504	-	-
Fund Balances: (Note 11)					
Restricted	185,329	303,754	1,328,405	88,633	20,188
Total fund balances	185,329	303,754	1,328,405	88,633	20,188
Total liabilities, deferred inflows of resources, and fund balances	\$ 279,500	\$ 311,059	\$ 1,673,478	\$ 89,284	\$ 20,188

Special Revenue

Traffic Congestion Relief	State OCATT	COPS/SLESF	Housing and Community Development	AB 2766/ AQMD	HOME Loans Special Revenue
\$ 215,949	\$ -	\$ 143,633	\$ 217,075	\$ 583,905	\$ 1,431,808
-	-	-	-	-	-
-	187,994	-	-	-	-
815	-	542	892	2,204	5,405
-	-	-	2,050,243	-	5,683,332
-	-	-	-	27,617	-
-	-	-	610,948	-	-
<u>\$ 216,764</u>	<u>\$ 187,994</u>	<u>\$ 144,175</u>	<u>\$ 2,879,158</u>	<u>\$ 614,186</u>	<u>\$ 7,120,545</u>
\$ -	\$ -	\$ -	\$ 54,484	\$ 1,952	\$ -
-	10,679	14,380	27,425	-	-
-	-	-	-	-	-
-	136,346	-	-	-	-
-	147,025	14,380	81,909	1,952	-
-	-	-	-	-	-
-	-	-	-	-	-
216,764	40,969	129,795	3,042,514	612,234	7,357,215
216,764	40,969	129,795	2,797,249	612,234	7,120,545
<u>\$ 216,764</u>	<u>\$ 187,994</u>	<u>\$ 144,175</u>	<u>\$ 2,879,158</u>	<u>\$ 614,186</u>	<u>\$ 7,120,545</u>

City of Buena Park
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Capital Projects	Total Non-Major Governmental Funds
	Park In-lieu	
ASSETS		
Cash and investments	\$ 1,307,492	\$ 5,645,287
Restricted cash and investments	107,129	107,129
Accounts receivable	-	490,131
Interest receivable	4,936	21,413
Loans receivable	-	7,733,575
Due from other governments	-	346,945
Property held for resale	-	610,948
Total assets	<u>\$ 1,419,557</u>	<u>\$ 14,955,888</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 199,213	\$ 293,654
Accrued liabilities	-	157,666
Retention payable	132,652	147,161
Due to other funds	-	136,346
Total liabilities	<u>331,865</u>	<u>734,827</u>
Deferred Inflows of Resources:		
Unavailable revenue	-	289,504
Total deferred inflows of resources	<u>-</u>	<u>289,504</u>
Fund Balances: (Note 11)		
Restricted	1,087,692	14,413,492
Total fund balances	<u>1,087,692</u>	<u>13,931,557</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,419,557</u>	<u>\$ 14,955,888</u>

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City of Buena Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2018

	Special Revenue				
	Asset Forfeiture	Proposition 172 Police Augmentation	Measure M2	Local Law Enforcement Block Grant	Orange County Anti-Drug Abuse
REVENUES:					
Taxes	\$ -	\$ 408,977	\$ -	\$ -	\$ -
Intergovernmental	118,534	12,122	1,630,926	-	-
Charges for Services	-	-	-	-	-
Investment income	(303)	172	14,975	(252)	(9)
Total revenues	118,231	421,271	1,645,901	(252)	(9)
EXPENDITURES:					
Current:					
General government:	-	-	-	-	-
Transportation	-	-	467,751	-	-
Public Protection	71,874	342,344	-	26,840	-
Development	-	-	-	-	-
Environmental	-	-	-	-	-
Capital Outlay	19,997	-	298,984	-	-
Debt Service:					
Interest and Other Charges	109	-	-	-	-
Total expenditures	91,980	342,344	766,735	26,840	-
REVENUES OVER (UNDER) EXPENDITURES	26,251	78,927	879,166	(27,092)	(9)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	27,000	-
Transfers out	-	(78,317)	(1,808,297)	-	-
Total other financing sources (uses)	-	(78,317)	(1,808,297)	27,000	-
Net change in fund balances	26,251	610	(929,131)	(92)	(9)
FUND BALANCES:					
Beginning of year	159,078	303,144	2,257,536	88,725	20,197
End of year	<u>\$ 185,329</u>	<u>\$ 303,754</u>	<u>\$ 1,328,405</u>	<u>\$ 88,633</u>	<u>\$ 20,188</u>

Special Revenue

Traffic Congestion Relief	State OCATT	COPS/SLESF	Housing and Community Development	AB 2766/ AQMD	HOME Loans Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	234,096	178,937	1,076,264	562,104	118,458
31,720	-	-	1,334	-	-
(335)	-	(811)	(822)	1,290	(1,269)
<u>31,385</u>	<u>234,096</u>	<u>178,126</u>	<u>1,076,776</u>	<u>563,394</u>	<u>117,189</u>
-	-	-	-	9,879	-
-	-	-	-	-	-
-	235,122	274,260	-	-	-
-	-	-	861,823	-	195,773
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>235,122</u>	<u>274,260</u>	<u>861,823</u>	<u>9,879</u>	<u>195,773</u>
<u>31,385</u>	<u>(1,026)</u>	<u>(96,134)</u>	<u>214,953</u>	<u>553,515</u>	<u>(78,584)</u>
-	-	95,000	-	-	-
-	-	-	-	(344,457)	-
<u>-</u>	<u>-</u>	<u>95,000</u>	<u>-</u>	<u>(344,457)</u>	<u>-</u>
<u>31,385</u>	<u>(1,026)</u>	<u>(1,134)</u>	<u>214,953</u>	<u>209,058</u>	<u>(78,584)</u>
<u>185,379</u>	<u>41,995</u>	<u>130,929</u>	<u>2,582,296</u>	<u>403,176</u>	<u>7,199,129</u>
<u>\$ 216,764</u>	<u>\$ 40,969</u>	<u>\$ 129,795</u>	<u>\$ 2,797,249</u>	<u>\$ 612,234</u>	<u>\$ 7,120,545</u>

City of Buena Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2018

	Capital Projects	Total Non-Major Governmental Funds
	Park In-lieu	
REVENUES:		
Taxes	\$ -	\$ 408,977
Intergovernmental	-	3,931,441
Charges for Services	1,531,320	1,564,374
Investment income	2,448	15,084
Total revenues	1,533,768	5,919,876
EXPENDITURES:		
Current:		
General government:	-	9,879
Transportation	-	467,751
Public Protection	-	950,440
Development	-	1,057,596
Environmental	-	-
Capital Outlay	6,081,892	6,400,873
Debt Service:		
Interest and Other Charges	-	109
Total expenditures	6,081,892	8,886,648
REVENUES OVER (UNDER) EXPENDITURES	(4,548,124)	(2,966,772)
OTHER FINANCING SOURCES (USES):		
Transfers in	1,610,679	1,732,679
Transfers out	-	(2,231,071)
Total other financing sources (uses)	1,610,679	(498,392)
Net change in fund balances	(2,937,445)	(3,465,164)
FUND BALANCES:		
Beginning of year	4,025,137	17,396,721
End of year	\$ 1,087,692	\$ 13,931,557

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City of Buena Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Asset Forfeiture Special Revenue Fund For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 118,534	\$ (31,466)
Investment income	2,000	2,000	(303)	(2,303)
Miscellaneous	-	-	-	-
Total revenues	<u>152,000</u>	<u>152,000</u>	<u>118,231</u>	<u>(33,769)</u>
EXPENDITURES:				
Current:				
Public protection	73,000	73,000	71,874	1,126
Capital outlay	-	20,000	19,997	3
Debt service:				
Interest and other charges	1,000	1,000	109	891
Total expenditures	<u>74,000</u>	<u>94,000</u>	<u>91,980</u>	<u>2,020</u>
Net change in fund balance	<u>\$ 78,000</u>	<u>\$ 58,000</u>	26,251	<u>\$ (31,749)</u>
FUND BALANCE:				
Beginning of year			<u>159,078</u>	
End of year			<u>\$ 185,329</u>	

City of Buena Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Proposition 172 Police Augmentation Special Revenue Fund For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 400,000	\$ 400,000	\$ 408,977	\$ 8,977
Intergovernmental	-	12,122	12,122	-
Investment income	1,700	1,700	172	(1,528)
Total revenues	401,700	413,822	421,271	7,449
EXPENDITURES:				
Current:				
Public protection	346,960	350,004	342,344	7,660
Total expenditures	346,960	350,004	342,344	7,660
REVENUES OVER (UNDER) EXPENDITURES	54,740	63,818	78,927	15,109
OTHER FINANCING SOURCES (USES):				
Transfers out	(54,540)	(90,157)	(78,317)	11,840
Total other financing sources (uses)	(54,540)	(90,157)	(78,317)	11,840
Net change in fund balance	\$ 200	\$ (26,339)	610	\$ 26,949
FUND BALANCE:				
Beginning of year			303,144	
End of year			<u>\$ 303,754</u>	

City of Buena Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure M2 Special Revenue Fund For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,777,430	\$ 2,283,645	\$ 1,630,926	\$ (652,719)
Investment income	7,500	7,500	14,975	7,475
Total revenues	1,784,930	2,291,145	1,645,901	(645,244)
EXPENDITURES:				
Current:				
Transportation	479,980	490,482	467,751	22,731
Capital outlay	500,000	1,476,276	298,984	1,177,292
Total expenditures	979,980	1,966,758	766,735	1,200,023
REVENUES OVER (UNDER) EXPENDITURES	804,950	324,387	879,166	554,779
OTHER FINANCING SOURCES (USES):				
Transfers in	200,000	852,637	-	(852,637)
Transfers out	(1,435,000)	(2,531,042)	(1,808,297)	722,745
Total other financing sources (uses)	(1,235,000)	(1,678,405)	(1,808,297)	(129,892)
Net change in fund balance	\$ (430,050)	\$ (1,354,018)	(929,131)	\$ 424,887
FUND BALANCE:				
Beginning of year			2,257,536	
End of year			\$ 1,328,405	

City of Buena Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Local Law Enforcement Block Grant Special Revenue Fund For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 15,700	\$ -	\$ (15,700)
Investment income	-	-	(252)	(252)
Miscellaneous			-	-
Total revenues	-	15,700	(252)	(15,952)
EXPENDITURES:				
Current:				
Public protection	54,540	54,540	26,840	27,700
Total expenditures	54,540	54,540	26,840	27,700
REVENUES OVER (UNDER) EXPENDITURES	(54,540)	(38,840)	(27,092)	11,748
OTHER FINANCING SOURCES (USES):				
Transfers in	54,540	38,840	27,000	(11,840)
Total other financing sources (uses)	54,540	38,840	27,000	(11,840)
Net change in fund balance	\$ -	\$ -	(92)	\$ (92)
FUND BALANCE:				
Beginning of year			88,725	
End of year			\$ 88,633	

City of Buena Park

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Orange County Anti-Drug Abuse Special Revenue Fund
 For the year ended June 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ (9)	\$ (9)
Total revenues	-	-	(9)	(9)
Net change in fund balance	\$ -	\$ -	(9)	\$ (9)
FUND BALANCE:				
Beginning of year			20,197	
End of year			\$ 20,188	

City of Buena Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Traffic Congestion Relief Special Revenue Fund For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 5,000	\$ 5,000	\$ 31,720	\$ 26,720
Investment income	500	500	(335)	(835)
Total revenues	5,500	5,500	31,385	25,885
REVENUES OVER (UNDER) EXPENDITURES	5,500	5,500	31,385	25,885
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(107,095)	-	107,095
Total other financing sources (uses)	-	(107,095)	-	107,095
Net change in fund balance	\$ 5,500	\$ (101,595)	31,385	\$ 132,980
FUND BALANCE:				
Beginning of year			185,379	
End of year			<u>\$ 216,764</u>	

City of Buena Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual State OCATT Special Revenue Fund For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 264,980	\$ 264,980	\$ 234,096	\$ (30,884)
Investment income	-	-	-	-
Total revenues	264,980	264,980	234,096	(30,884)
EXPENDITURES:				
Current:				
Public protection	264,980	268,024	235,122	32,902
Total expenditures	264,980	268,024	235,122	32,902
Net change in fund balance	\$ -	\$ (3,044)	(1,026)	\$ 2,018
FUND BALANCE:				
Beginning of year			41,995	
End of year			\$ 40,969	

City of Buena Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual COPS/SLESF Special Revenue Fund For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 120,000	\$ 120,000	\$ 178,937	\$ 58,937
Investment income	500	500	(811)	(1,311)
Total revenues	<u>120,500</u>	<u>120,500</u>	<u>178,126</u>	<u>57,626</u>
EXPENDITURES:				
Current:				
Public protection	287,380	293,467	274,260	19,207
Total expenditures	<u>287,380</u>	<u>293,467</u>	<u>274,260</u>	<u>19,207</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(166,880)</u>	<u>(172,967)</u>	<u>(96,134)</u>	<u>76,833</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	166,880	166,880	95,000	(71,880)
Total other financing sources (uses)	<u>166,880</u>	<u>166,880</u>	<u>95,000</u>	<u>(71,880)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (6,087)</u>	<u>(1,134)</u>	<u>\$ 4,953</u>
FUND BALANCE:				
Beginning of year			<u>130,929</u>	
End of year			<u>\$ 129,795</u>	

City of Buena Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Housing and Community Development Special Revenue Fund For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 727,610	\$ 727,610	\$ 1,076,264	\$ 348,654
Charges for services	-	-	1,334	1,334
Investment income	-	-	(822)	(822)
Miscellaneous	-	-	-	-
Total revenues	<u>727,610</u>	<u>727,610</u>	<u>1,076,776</u>	<u>349,166</u>
EXPENDITURES:				
Current:				
Development	<u>727,610</u>	<u>738,231</u>	<u>861,823</u>	<u>(123,592)</u>
Total expenditures	<u>727,610</u>	<u>738,231</u>	<u>861,823</u>	<u>(123,592)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (10,621)</u>	214,953	<u>\$ 225,574</u>
FUND BALANCE:				
Beginning of year, as restated			<u>2,582,296</u>	
End of year			<u>\$ 2,797,249</u>	

City of Buena Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual AB 2766/AQMD Special Revenue Fund For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 669,262	\$ 562,104	\$ (107,158)
Investment income	1,500	1,500	1,290	(210)
Miscellaneous	-	-	-	-
Total revenues	101,500	670,762	563,394	(107,368)
EXPENDITURES:				
Current:				
General government	-	-	9,879	(9,879)
Total expenditures	-	-	9,879	(9,879)
REVENUES OVER (UNDER) EXPENDITURES	101,500	670,762	553,515	(117,247)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(484,457)	(344,457)	140,000
Total other financing sources (uses)	-	(484,457)	(344,457)	140,000
Net change in fund balance	\$ 101,500	\$ 186,305	209,058	\$ 22,753
FUND BALANCE:				
Beginning of year			403,176	
End of year			<u>\$ 612,234</u>	

City of Buena Park
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
HOME Special Revenue Fund
For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 118,458	\$ 118,458
Investment income	2,000	2,000	(1,269)	(3,269)
Total revenues	2,000	2,000	117,189	115,189
EXPENDITURES:				
Current:				
Development	-	-	195,773	(195,773)
Total expenditures	-	-	195,773	(195,773)
Net change in fund balance	\$ 2,000	\$ 2,000	(78,584)	\$ (80,584)
FUND BALANCE:				
Beginning of year			7,199,129	
End of year			\$ 7,120,545	

City of Buena Park
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Park-in-Lieu Capital Projects Fund
For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	420,000	420,000	1,531,320	1,111,320
Investment income	10,000	10,000	2,448	(7,552)
Total revenues	430,000	429,800	1,533,768	1,103,968
EXPENDITURES:				
Capital outlay	-	6,799,335	6,081,892	717,443
Total expenditures	-	6,799,335	6,081,892	717,443
REVENUES OVER (UNDER) EXPENDITURES	430,000	(6,369,535)	(4,548,124)	1,821,411
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,044,737	1,610,679	(434,058)
Total other financing sources (uses)	-	2,044,737	1,610,679	(434,058)
Net change in fund balance	\$ 430,000	\$ (4,324,798)	(2,937,445)	\$ 1,387,353
FUND BALANCE:				
Beginning of year			4,025,137	
End of year			<u>\$ 1,087,692</u>	

INTERNAL SERVICE FUNDS

Workers' Compensation Insurance Fund accounts for all workers' compensation self-insurance activities.

Public Liability Self-Insurance Fund accounts for the cost of providing general liability insurance coverage to the various City departments. Such costs are charged to the departments at a fixed rate.

Accrued Leave Fund accounts for vacation and sick leave pay-out to retiring employees.

Equipment Maintenance and Replacement Fund accounts for the costs of movable equipment used by other City departments. Such costs are based upon actual usage at a fixed rate throughout the year.

Buildings and Grounds Maintenance Fund accounts for the costs of maintaining City buildings and grounds. Such costs are charged to the various departments based upon each department's estimated usage of the buildings and surrounding grounds.

Management Information Systems Fund accounts for the the costs of providing computer equipment and maintenance to the various City departments. Such costs are based upon the number of computer users in each department.

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City of Buena Park
Combining Statement of Net Position
Internal Service Funds
Year Ended June 30, 2018

	Workers' Compensation Insurance	Public Liability Self -Insurance	Accrued Leave
ASSETS			
Current assets:			
Cash and investments	\$ 3,848,303	\$ 1,259,770	\$ 823,451
Accounts receivable, net	7,685	-	-
Interest receivable	14,682	4,756	3,111
Loans receivable	-	-	-
Prepaid items	234,180	437,025	-
Total current assets	<u>4,104,850</u>	<u>1,701,551</u>	<u>826,562</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	-	-	-
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,104,850</u>	<u>1,701,551</u>	<u>826,562</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	-	-	-
Deferred outflows of resources - pension	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable	149	170,992	-
Accrued liabilities	-	-	-
Employee leave benefits - due within one year	-	-	-
Claims payable - due within one year	100,000	-	-
Total current liabilities	<u>100,149</u>	<u>170,992</u>	<u>-</u>
Noncurrent liabilities:			
Employee leave benefits - due in more than one year	-	-	-
Claims payable - due in more than one year	6,959,761	696,733	-
Net pension liability	-	-	-
Total noncurrent liabilities	<u>6,959,761</u>	<u>696,733</u>	<u>-</u>
Total liabilities	<u>7,059,910</u>	<u>867,725</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Investment in capital assets	-	-	-
Unrestricted	(2,955,060)	833,826	826,562
Total Net Position	<u>\$ (2,955,060)</u>	<u>\$ 833,826</u>	<u>\$ 826,562</u>

Equipment Maintenance & Replacement	Buildings and Grounds Maintenance	Management Information System	Total
\$ 4,717,788	\$ 768,495	\$ 1,863,404	\$ 13,281,211
-	-	-	7,685
17,851	2,963	7,041	50,404
21,184	-	-	21,184
-	-	-	671,205
<u>4,756,823</u>	<u>771,458</u>	<u>1,870,445</u>	<u>14,031,689</u>
2,507,631	15,206	205,201	2,728,038
<u>2,507,631</u>	<u>15,206</u>	<u>205,201</u>	<u>2,728,038</u>
2,507,631	15,206	205,201	2,728,038
<u>7,264,454</u>	<u>786,664</u>	<u>2,075,646</u>	<u>16,759,727</u>
82,762	67,001	20,693	170,456
<u>139,542</u>	<u>112,148</u>	<u>34,884</u>	<u>286,574</u>
<u>222,304</u>	<u>179,149</u>	<u>55,577</u>	<u>457,030</u>
59,743	82,957	7,224	321,065
15,908	15,595	7,575	39,078
10,000	11,000	-	21,000
-	-	-	100,000
<u>85,651</u>	<u>109,552</u>	<u>14,799</u>	<u>481,143</u>
6,435	29,180	-	35,615
-	-	-	7,656,494
<u>1,023,294</u>	<u>822,407</u>	<u>255,812</u>	<u>2,101,513</u>
<u>1,029,729</u>	<u>851,587</u>	<u>255,812</u>	<u>9,793,622</u>
<u>1,115,380</u>	<u>961,139</u>	<u>270,611</u>	<u>10,274,765</u>
<u>34,228</u>	<u>27,509</u>	<u>8,558</u>	<u>70,295</u>
<u>34,228</u>	<u>27,509</u>	<u>8,558</u>	<u>70,295</u>
2,507,631	15,206	205,201	2,728,038
<u>3,829,519</u>	<u>(38,041)</u>	<u>1,646,853</u>	<u>4,143,659</u>
<u>\$ 6,337,150</u>	<u>\$ (22,835)</u>	<u>\$ 1,852,054</u>	<u>\$ 6,871,697</u>

City of Buena Park
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2018

	Workers' Compensation Insurance	Public Liability Self -Insurance	Accrued Benefits
OPERATING REVENUES			
Charges for Services	\$ 1,059,366	\$ -	\$ 171,452
Other	24,190	-	-
Total operating revenues	1,083,556	-	171,452
OPERATING EXPENSES			
Self-insurance	2,322,984	835,226	-
Employee benefits	-	-	322,393
Maintenance and supplies	-	-	-
Information systems	-	-	-
Depreciation	-	-	-
Total operating expenses	2,322,984	835,226	322,393
Operating income (loss)	(1,239,428)	(835,226)	(150,941)
NONOPERATING REVENUES			
Investment income	1,233	(9,363)	424
Gain(loss) on sale of property	-	-	-
Total nonoperating revenues (expenses)	1,233	(9,363)	424
INCOME (LOSS) BEFORE TRANSFERS	(1,238,195)	(844,589)	(150,517)
Transfers in	-	1,145,000	-
Transfers out	(126,200)	-	-
Total transfers	(126,200)	1,145,000	-
Change in net position	(1,364,395)	300,411	(150,517)
NET POSITION:			
Beginning of year	(1,590,665)	533,415	977,079
End of Year	<u>\$ (2,955,060)</u>	<u>\$ 833,826</u>	<u>\$ 826,562</u>

<u>Equipment Maintenance & Replacement</u>	<u>Buildings and Grounds Maintenance</u>	<u>Management Information System</u>	<u>Total</u>
\$ 2,147,567	\$ 2,239,152	\$ 431,076	\$ 6,048,613
-	-	-	24,190
<u>2,147,567</u>	<u>2,239,152</u>	<u>431,076</u>	<u>6,072,803</u>
-	-	-	3,158,210
-	-	-	322,393
1,485,380	2,152,779	-	3,638,159
-	-	263,476	263,476
<u>432,718</u>	<u>1,930</u>	<u>97,624</u>	<u>532,272</u>
<u>1,918,098</u>	<u>2,154,709</u>	<u>361,100</u>	<u>7,914,510</u>
<u>229,469</u>	<u>84,443</u>	<u>69,976</u>	<u>(1,841,707)</u>
(2,295)	(754)	(1,473)	(12,228)
<u>26,605</u>	<u>-</u>	<u>-</u>	<u>26,605</u>
<u>24,310</u>	<u>(754)</u>	<u>(1,473)</u>	<u>14,377</u>
253,779	83,689	68,503	(1,827,330)
-	-	-	1,145,000
<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>(141,200)</u>
<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>1,003,800</u>
253,779	68,689	68,503	(823,530)
6,083,371	(91,524)	1,783,551	7,695,227
<u>\$ 6,337,150</u>	<u>\$ (22,835)</u>	<u>\$ 1,852,054</u>	<u>\$ 6,871,697</u>

City of Buena Park
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2018

	Workers' Compensation Insurance	Public Liability Self -Insurance	Accrued Benefits
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from other funds	\$ 1,051,681	\$ -	\$ 171,452
Cash received from other	24,190	-	-
Cash payments to suppliers for goods and services	(1,791,540)	(1,724,463)	(89,653)
Cash paid to employees	-	-	(232,740)
Net cash provided by (used in) operating activities	<u>(715,669)</u>	<u>(1,724,463)</u>	<u>(150,941)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	1,145,000	-
Transfers out	(126,200)	-	-
Net cash provided by (used in) noncapital financing activities	<u>(126,200)</u>	<u>1,145,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	-
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income received	(3,169)	(12,288)	(704)
Net cash provided by investing activities	<u>(3,169)</u>	<u>(12,288)</u>	<u>(704)</u>
Net increase (decrease) in cash and cash equivalents	<u>(845,038)</u>	<u>(591,751)</u>	<u>(151,645)</u>
CASH AND CASH EQUIVALENTS:			
Beginning of year	4,693,341	1,851,521	975,096
End of year	<u>\$ 3,848,303</u>	<u>\$ 1,259,770</u>	<u>\$ 823,451</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,239,428)	\$ (835,226)	\$ (150,941)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	-	-
Changes in assets and liabilities:			
Accounts receivable	(7,685)	-	-
Loans receivable	-	-	-
Prepaid items	(234,180)	(437,025)	-
Deferred outflows of resources - pension	-	-	-
Accounts payable	149	144,413	-
Accrued liabilities	-	-	-
Employee leave benefits	-	-	-
Claims payable	765,475	(596,625)	-
Net pension liability	-	-	-
Deferred inflows of resources - pension	-	-	-
Total adjustments	<u>523,759</u>	<u>(889,237)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (715,669)</u>	<u>\$ (1,724,463)</u>	<u>\$ (150,941)</u>

Equipment Maintenance & Replacement	Buildings and Grounds Maintenance	Management Information System	Total
\$ 2,141,822	\$ 2,239,209	\$ 431,076	\$ 6,035,240
-	-	-	24,190
(1,161,010)	(1,759,144)	(185,996)	(6,711,806)
(294,083)	(318,163)	(75,339)	(920,325)
<u>686,729</u>	<u>161,902</u>	<u>169,741</u>	<u>(1,572,701)</u>
-	-	-	1,145,000
-	(15,000)	-	(141,200)
-	(15,000)	-	1,003,800
(562,957)	(8,644)	(29,050)	(600,651)
26,605	-	-	26,605
<u>(536,352)</u>	<u>(8,644)</u>	<u>(29,050)</u>	<u>(574,046)</u>
(10,847)	(2,402)	(5,005)	(34,415)
(10,847)	(2,402)	(5,005)	(34,415)
139,530	135,856	135,686	(1,177,362)
4,578,258	632,639	1,727,718	14,458,573
<u>\$ 4,717,788</u>	<u>\$ 768,495</u>	<u>\$ 1,863,404</u>	<u>13,281,211</u>
\$ 229,469	\$ 84,443	\$ 69,976	\$ (1,841,707)
432,718	1,930	97,624	532,272
-	57	-	(7,628)
(5,745)	-	-	(5,745)
-	-	6,296	(664,909)
(26,515)	(21,430)	(6,630)	(54,575)
(28,845)	21,774	(24,852)	112,639
395	6,338	7,575	14,308
6,251	5,179	-	11,430
-	-	-	168,850
76,760	61,691	19,189	157,640
2,241	1,920	563	4,724
<u>378,259</u>	<u>13,848</u>	<u>80,013</u>	<u>269,006</u>
<u>\$ 686,729</u>	<u>\$ 161,902</u>	<u>\$ 169,741</u>	<u>\$ (1,572,701)</u>

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AGENCY FUNDS

CFD Mall Agency Fund accounts for assets and liabilities related to the Community Facilities District Buena Park Mall.

Buena Park Tourism Marketing District Agency Fund accounts for assets and liabilities related to the Buena Park Tourism Marketing District.

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City of Buena Park
Combining Statement of Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

	Buena Park CFD Mall	Buena Park Tourism Marketing District	Total Agency Funds
Assets:			
Cash and investments	\$ -	\$ 571,843	\$ 571,843
Accounts receivable	-	109,543	109,543
Restricted cash and investments	6,729,827	25,000	6,754,827
Total assets	\$ 6,729,827	\$ 706,386	\$ 7,436,213
Liabilities:			
Accounts payable	\$ -	\$ 57,431	\$ 57,431
Deposits payable	-	648,955	648,955
Due to bondholders	6,729,827	-	6,729,827
Total liabilities	\$ 6,729,827	\$ 706,386	\$ 7,436,213

City of Buena Park
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
CFD Mall Agency Fund				
Assets:				
Restricted cash and investments	\$ 6,992,629	\$ -	\$ 262,802	\$ 6,729,827
Total assets	\$ 6,992,629	\$ -	\$ 262,802	\$ 6,729,827
Liabilities:				
Due to bondholders	\$ 6,992,629	\$ -	\$ 262,802	\$ 6,729,827
Total liabilities	\$ 6,992,629	\$ -	\$ 262,802	\$ 6,729,827
Buena Park Tourism Marketing District				
Assets:				
Cash and investments	\$ 455,454	\$ 1,016,982	\$ 900,593	\$ 571,843
Accounts receivable	103,492	109,543	103,492	109,543
Restricted cash and investments	-	25,000	-	25,000
Total assets	\$ 558,946	\$ 1,151,525	\$ 1,004,085	\$ 706,386
Liabilities:				
Accounts payable	\$ 1,295	\$ 57,431	\$ 1,295	\$ 57,431
Deposits payable	557,651	1,094,094	1,002,790	648,955
Total liabilities	\$ 558,946	\$ 1,151,525	\$ 1,004,085	\$ 706,386
Total Agency Funds				
Assets:				
Cash and investments	\$ 455,454	\$ 1,016,982	\$ 900,593	\$ 571,843
Accounts receivable	103,492	109,543	103,492	109,543
Restricted cash and investments	6,992,629	25,000	262,802	6,754,827
Total assets	\$ 7,551,575	\$ 1,151,525	\$ 1,266,887	\$ 7,436,213
Liabilities:				
Accounts payable	\$ 1,295	\$ 57,431	\$ 1,295	\$ 57,431
Deposits payable	557,651	1,094,094	1,002,790	648,955
Due to bondholders	6,992,629	-	262,802	6,729,827
Total liabilities	\$ 7,551,575	\$ 1,151,525	\$ 1,266,887	\$ 7,436,213

Statistical Section

This part of the City of Buena Park'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 government's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	154-163
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	165-169
Debt Capacity	
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.	170-174
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.	175-176
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	178-183

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

	Fiscal Year			
	2008-09	2009-10	2010-11	2011-12
Governmental Activities				
Net investment in capital assets	\$ 114,928	\$ 105,023	\$ 200,780	\$ 214,554
Restricted	146,683	170,117	66,102	25,378
Unrestricted	35,482	20,221	21,066	22,020
Total governmental activities net position	<u>\$ 297,093</u>	<u>\$ 295,361</u>	<u>\$ 287,948</u>	<u>\$ 261,952</u>
Business-type Activities				
Net investment in capital assets	\$ 18,726	\$ 19,287	\$ 19,708	\$ 20,068
Restricted				
Unrestricted	9,145	12,499	15,041	18,261
Total business-type activities net position	<u>\$ 27,871</u>	<u>\$ 31,786</u>	<u>\$ 34,749</u>	<u>\$ 38,329</u>
Primary Government				
Net investment in capital assets	\$ 133,654	\$ 124,310	\$ 220,488	\$ 234,622
Restricted	146,683	170,117	66,102	25,378
Unrestricted	44,627	32,720	36,107	40,281
Total primary government net position	<u>\$ 324,964</u>	<u>\$ 327,147</u>	<u>\$ 322,697</u>	<u>\$ 300,281</u>

Source: City of Buena Park Finance Department

Fiscal Year					
2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$ 215,872	\$ 218,671	\$ 216,987	\$ 219,881	\$ 224,573	\$ 244,051
23,696	45,392	45,733	45,437	55,406	41,631
41,891	56,334	(12,168)	(24,072)	(29,221)	(58,567)
<u>\$ 281,459</u>	<u>\$ 320,397</u>	<u>\$ 250,552</u>	<u>\$ 241,246</u>	<u>\$ 250,758</u>	<u>\$ 227,115</u>
\$ 20,113	\$ 20,612	\$ 20,530	\$ 22,665	\$ 25,041	\$ 33,550
21,253	23,691	20,007	20,109	19,139	12,065
<u>\$ 41,366</u>	<u>\$ 44,303</u>	<u>\$ 40,537</u>	<u>\$ 42,774</u>	<u>\$ 44,180</u>	<u>\$ 45,615</u>
\$ 235,985	\$ 239,283	\$ 237,517	\$ 242,546	\$ 249,614	\$ 277,601
23,696	45,392	45,733	45,437	55,406	41,631
63,144	80,025	7,839	(3,963)	(10,082)	(46,502)
<u>\$ 322,825</u>	<u>\$ 364,700</u>	<u>\$ 291,089</u>	<u>\$ 284,020</u>	<u>\$ 294,938</u>	<u>\$ 272,730</u>

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

	Fiscal Year			
	2008-09	2009-10	2010-11	2011-12
Expenses				
Governmental activities:				
General government	\$ 6,634	\$ 6,361	\$ 7,161	\$ 6,145
Leisure	2,525	2,561	2,514	2,626
Health	3,176	2,780	2,776	2,777
Transportation	8,388	8,774	8,295	8,041
Public Protection	31,195	30,707	29,074	29,780
Development	15,512	24,516	19,530	9,217
Environmental	2,949	3,118	2,832	2,724
Interest	5,828	5,954	6,271	3,537
Total governmental activities net expenses	<u>76,207</u>	<u>84,771</u>	<u>78,453</u>	<u>64,847</u>
Business-type activities:				
Water	\$ 11,410	\$ 11,682	\$ 11,341	\$ 12,596
Total business-type activities net expenses	<u>11,410</u>	<u>11,682</u>	<u>11,341</u>	<u>12,596</u>
Total primary government expenses	<u>\$ 87,617</u>	<u>\$ 96,453</u>	<u>\$ 89,794</u>	<u>\$ 77,443</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 782	\$ 702	\$ 100	\$ 221
Leisure	585	738	1,003	1,334
Health	2,828	2,949	2,946	3,016
Transportation	271	295	231	413
Public Protection	2,170	2,291	2,561	2,650
Development	700	1,354	1,178	1,683
Environmental	-	1	-	-
Operating contributions and grants	4,706	7,613	5,594	7,032
Capital contributions and grants	3,871	2,749	2,095	3,668
Total governmental activities program revenues	<u>15,913</u>	<u>18,692</u>	<u>15,708</u>	<u>20,017</u>
Business-type activities:				
Charges for services:				
Water utility	13,846	14,769	14,904	16,223
Operating contributions and grants	-	-	-	-
Capital contributions and grants	554	890	-	-
Total business-type activities program revenues	<u>14,400</u>	<u>15,659</u>	<u>14,904</u>	<u>16,223</u>
Primary government program revenues	<u>\$ 30,313</u>	<u>\$ 34,351</u>	<u>\$ 30,612</u>	<u>\$ 36,240</u>
Net (Expense)/Revenue				
Governmental activities	\$ (60,294)	\$ (66,079)	\$ (62,745)	\$ (44,830)
Business-type activities	<u>2,990</u>	<u>3,977</u>	<u>3,563</u>	<u>3,627</u>
Total primary government net expense	<u>\$ (57,304)</u>	<u>\$ (62,102)</u>	<u>\$ (59,182)</u>	<u>\$ (41,203)</u>

Source: City of Buena Park Finance Department

Fiscal Year

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$	6,551	\$ 6,491	\$ 7,125	\$ 8,098	\$ 7,659	\$ 8,803
	2,905	3,048	3,071	3,570	3,459	4,033
	2,796	3,018	3,000	3,155	3,025	3,244
	7,727	8,696	9,875	8,380	9,245	10,571
	30,531	30,563	31,841	35,851	39,109	41,084
	3,166	2,763	12,700	5,055	3,695	4,353
	2,952	2,979	2,987	3,167	3,266	3,740
	482	416	347	275	269	486
	<u>57,110</u>	<u>57,974</u>	<u>70,946</u>	<u>67,551</u>	<u>69,727</u>	<u>76,314</u>
\$	13,461	\$ 13,611	\$ 13,908	\$ 12,753	\$ 14,594	\$ 16,788
	<u>13,461</u>	<u>13,611</u>	<u>13,908</u>	<u>12,753</u>	<u>14,594</u>	<u>16,788</u>
\$	<u>70,571</u>	<u>71,585</u>	<u>84,854</u>	<u>80,304</u>	<u>84,321</u>	<u>93,102</u>
\$	174	\$ 132	\$ 198	\$ 207	\$ 226	\$ 244
	733	824	774	893	857	919
	2,972	3,118	3,130	3,227	3,222	3,294
	163	226	213	227	260	235
	2,685	3,649	2,642	3,315	8,368	4,336
	1,844	1,839	3,299	5,099	3,917	3,619
	160	183	209	227	253	263
	5,226	6,506	6,122	5,521	6,664	5,231
	2,924	3,492	2,134	2,485	2,832	3,268
	<u>16,881</u>	<u>19,969</u>	<u>18,721</u>	<u>21,201</u>	<u>26,599</u>	<u>21,409</u>
	16,562	16,462	15,270	14,124	16,010	18,060
	-	-	-	-	124	299
	-	-	-	-	-	-
	<u>16,562</u>	<u>16,462</u>	<u>15,270</u>	<u>14,124</u>	<u>16,134</u>	<u>18,359</u>
\$	<u>33,443</u>	<u>36,431</u>	<u>33,991</u>	<u>35,325</u>	<u>42,733</u>	<u>39,768</u>
\$	(40,229)	\$ (38,005)	\$ (52,225)	\$ (46,350)	\$ (43,128)	\$ (54,905)
	<u>3,101</u>	<u>2,851</u>	<u>1,362</u>	<u>1,371</u>	<u>1,540</u>	<u>1,571</u>
\$	<u>(37,128)</u>	<u>(35,154)</u>	<u>(50,863)</u>	<u>(44,979)</u>	<u>(41,588)</u>	<u>(53,334)</u>

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

	Fiscal Year			
	2008-09	2009-10	2010-11	2011-12
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 33,819	\$ 32,643	\$ 33,351	\$ 21,564
Sales taxes	13,801	14,886	19,848	18,520
Property taxes in lieu of sales taxes	6,563	4,888	6,450	4,956
Transient occupancy taxes	3,909	3,663	3,816	4,050
Franchise taxes	1,756	1,618	1,757	1,697
Other taxes	10,175	9,873	3,446	9,330
Investment income	8,023	2,086	1,545	963
Other	1,063	30	42	96
Transfers	350	377	849	289
Gain/loss on sale of property	-	-	-	-
Extraordinary item	-	-	-	(42,631)
Total governmental activities	<u>79,459</u>	<u>70,064</u>	<u>71,104</u>	<u>18,834</u>
Business-type activities:				
Investment income	395	315	247	242
Other	64	-	-	-
Transfers	(350)	(377)	(849)	(289)
Total business-type activities	<u>109</u>	<u>(62)</u>	<u>(602)</u>	<u>(47)</u>
Total primary government	<u>\$ 79,568</u>	<u>\$ 70,002</u>	<u>\$ 70,502</u>	<u>\$ 18,787</u>
Change in Net Position				
Governmental activities	\$ 19,165	\$ 3,985	\$ 8,359	\$ (25,996)
Business-type activities	3,099	3,915	2,961	3,580
Total primary government	<u>\$ 22,264</u>	<u>\$ 7,900</u>	<u>\$ 11,320</u>	<u>\$ (22,416)</u>

Source: City of Buena Park Finance Department

Fiscal Year

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$	12,041	\$ 8,156	\$ 9,709	10,661	\$ 10,467	\$ 10,870
	18,913	20,420	15,889	17,701	20,841	20,943
	6,035	6,842	7,355	2,533	-	-
	4,403	5,007	5,686	6,442	6,529	6,591
	1,729	1,700	2,002	1,776	1,720	1,871
	9,943	10,388	10,940	11,424	11,549	11,965
	151	609	590	1,025	10	32
	10	26	136	10	356	143
	102	102	76	98	139	147
	-	-	-	-	-	-
	-	-	-	-	-	(7,191)
	<u>53,327</u>	<u>53,250</u>	<u>52,383</u>	<u>51,670</u>	<u>51,611</u>	<u>45,371</u>
	37	188	135	300	5	11
	-	-	-	-	-	-
	<u>(102)</u>	<u>(102)</u>	<u>(76)</u>	<u>(98)</u>	<u>(139)</u>	<u>(147)</u>
	<u>(65)</u>	<u>86</u>	<u>59</u>	<u>202</u>	<u>(134)</u>	<u>(136)</u>
\$	<u>53,262</u>	<u>53,336</u>	<u>52,442</u>	<u>51,872</u>	<u>51,477</u>	<u>45,235</u>
\$	13,098	\$ 15,245	\$ 158	\$ 5,321	\$ 8,483	\$ (9,534)
	3,036	2,937	1,421	1,573	1,406	1,435
\$	<u>16,134</u>	<u>18,182</u>	<u>1,579</u>	<u>6,894</u>	<u>9,889</u>	<u>(8,099)</u>

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

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
General Fund					
Reserved	\$ 6,347	\$ 4,018			
Unreserved, designated	1,206	5,016			
Unreserved, undesignated	20,983	15,777			
Nonspendable	-	-	\$ 458	\$ 279	\$ 5,765
Restricted	-	-	-	-	1,414
Assigned	-	-	242	-	-
Unassigned	-	-	33,758	29,302	39,821
Total general fund	\$ 28,536	\$ 24,811	\$ 34,458	\$ 29,581	\$ 47,000
All Other Governmental Funds					
Reserved	\$ 146,544	\$ 132,108	\$ -	\$ -	\$ -
Unreserved, designated reported in:					
Capital projects funds	-	-	-	-	-
Unreserved, undesignated reported in:					
Special revenue funds	8,187	10,103	-	-	-
Capital projects funds	21,750	15,727	-	-	-
Nonspendable	-	-	611	612	14
Restricted	-	-	147,330	16,940	15,164
Assigned	-	-	331	370	494
Unassigned	-	-	(1,712)	(331)	(266)
Total all other governmental funds	\$ 176,481	\$ 157,938	\$ 146,560	\$ 17,591	\$ 15,406

Effective June 30, 2011 the City implemented GASB Statement No. 54 (refer to Notes to Financial Statements item 1-N). Fund balances in governmental funds are reported in the following classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Source: City of Buena Park Finance Department

<u>2013-14</u>	<u>2014-15</u>	<u>Fiscal Year 2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
			\$ -	\$ -
			-	-
			-	-
\$ 5,848	\$ 5,882	\$ 9,305	10,735	4,942
1,414	1,438	1,438	11,485	549
4,043	5,126	5,705	7,381	6,486
<u>48,428</u>	<u>55,697</u>	<u>51,697</u>	<u>42,771</u>	<u>27,201</u>
<u>\$ 59,733</u>	<u>\$ 68,143</u>	<u>\$ 68,145</u>	<u>\$ 72,372</u>	<u>\$ 39,178</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
27,554	43,427	43,759	43,928	41,564
609	664	560	-	55
<u>(237)</u>	<u>-</u>	<u>(83)</u>	<u>(8)</u>	<u>(482)</u>
<u>\$ 27,926</u>	<u>\$ 44,091</u>	<u>\$ 44,236</u>	<u>\$ 43,920</u>	<u>\$ 41,137</u>

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

	Fiscal Years				
	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues					
Taxes	65,899	60,868	63,523	54,422	46,806
Licenses and permits	446	487	386	545	515
Fines and forfeitures	917	976	1,110	874	710
Intergovernmental	15,176	14,264	12,921	15,295	14,344
Charges for services	5,972	6,183	6,193	6,719	7,000
Investment income	7,066	3,391	8,526	1,386	244
Miscellaneous	3,479	2,639	1,044	2,147	411
Total revenues	98,955	88,808	93,703	81,388	70,030
Expenditures					
General government	5,727	5,540	4,507	5,041	6,016
Leisure	2,138	2,177	2,140	2,132	2,362
Health	2,853	2,999	2,832	2,777	2,780
Transportation	3,176	2,780	2,776	5,369	4,877
Public protection	5,865	5,776	5,711	28,695	28,813
Development	47,024	28,861	28,732	12,786	2,756
Environmental	16,686	25,360	26,839	2,724	2,935
Debt service:					
Principal retirement	1,656	4,162	4,327	4,481	1,568
Interest and other charges	5,612	6,468	6,093	3,030	487
Bond issuance costs	143	-	-	-	-
Advance refunding escrow					
Capital Outlay	26,687	24,424	11,393	13,663	7,794
Total expenditures	117,567	108,547	95,350	80,698	60,388
Excess (deficiency) of revenues over (under) expenditures	(18,612)	(19,739)	(1,647)	690	9,642
Other Financing Sources (Uses)					
Transfers in	40,472	19,226	15,205	20,537	2,604
Transfers out	(40,462)	(19,733)	(15,291)	(21,131)	(3,437)
Insurance proceeds	-	-	-	-	-
Proceeds from sale of property	-	2	2	-	-
Loss on sale of property held for resale	-	-	-	-	-
Proceeds from long term debt	16,780	-	-	-	-
Proceeds from long term debt premium					
Proceeds from sale of capital assets	-	-	-	-	3
Total other financing sources (uses)	16,790	(505)	(84)	(594)	(830)
Special items				-	-
Extraordinary item				(133,942)	-
Net change in fund balances	(1,822)	(20,244)	(1,731)	96	8,812
Fund balances - July 1, restated	206,838	202,993	182,749	181,018	53,594
Fund balances - June 30	<u>205,016</u>	<u>182,749</u>	<u>181,018</u>	<u>47,172</u>	<u>62,406</u>
Debt service as a percentage of noncapital expenditures	7.97%	12.64%	13.25%	12.00%	3.85%

Source: City of Buena Park Finance Department

Fiscal Years				
2013-14	2014-15	2015-16	2016-17	2017-18
46,390	44,811	43,400	43,591	44,281
496	790	903	914	791
736	852	812	846	891
16,257	15,401	15,553	13,934	15,883
7,243	7,774	9,823	8,532	8,908
763	789	1,137	256	369
1,400	532	966	3,796	1,488
<u>73,285</u>	<u>70,949</u>	<u>72,594</u>	<u>71,869</u>	<u>72,611</u>
5,852	6,493	7,282	7,506	7,332
2,448	2,481	2,882	2,939	3,154
2,960	2,962	3,029	3,046	3,153
5,008	5,066	5,654	5,407	5,961
28,754	29,642	33,337	34,515	36,999
2,676	3,907	4,827	3,791	3,894
2,920	2,945	3,046	3,247	3,524
1,633	1,702	4,059	22,818	18,078
422	353	281	210	525
-	-	-	251	-
<u>8,662</u>	<u>5,464</u>	<u>7,683</u>	<u>11,119</u>	<u>26,024</u>
<u>61,335</u>	<u>61,015</u>	<u>72,080</u>	<u>94,849</u>	<u>108,644</u>
11,950	9,934	514	(22,980)	(36,033)
2,292	1,403	1,513	3,611	13,717
(3,124)	(2,262)	(2,408)	(4,442)	(14,573)
-	-	-	5,626	1,481
-	-	-	-	2
-	(8,686)	-	-	-
-	-	526	9,785	-
86	-	1	507	-
<u>(746)</u>	<u>(9,545)</u>	<u>(368)</u>	<u>15,087</u>	<u>627</u>
-	-	-	10,775	6,621
-	-	-	-	(7,192)
11,204	389	148	2,882	(35,977)
<u>76,456</u>	<u>104,145</u>	<u>112,234</u>	<u>113,410</u>	<u>116,292</u>
<u>87,660</u>	<u>104,534</u>	<u>112,382</u>	<u>116,292</u>	<u>80,315</u>
3.87%	3.61%	6.82%	27.33%	22.44%

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City of Buena Park
 Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

Fiscal Year	Property Tax	Sales and Use Tax	Property Tax in Lieu of Sales Tax	Transient Occupancy Tax	Franchise Tax	Other Taxes
2008-09	33,818	13,801	6,563	3,909	1,756	10,175
2009-10	32,643	14,886	4,888	3,663	1,618	9,873
2010-11	33,351	14,892	4,956	3,816	1,757	9,896
2011-12	21,564	18,520	4,956	4,050	1,697	9,330
2012-13	12,041	18,913	6,034	4,403	1,729	9,943
2013-14	8,156	20,420	6,842	5,007	1,700	10,388
2014-15	9,709	15,889	7,355	5,686	2,002	10,940
2015-16	10,661	17,701	2,533	6,442	1,776	11,424
2016-17	10,467	20,841	-	6,529	1,720	11,549
2017-18	10,870	20,943	-	6,591	1,871	11,965

Source: City of Buena Park Finance Department

City of Buena Park
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rate	Overlapping Rates	
		Buena Park Schools	Metro Water District
2008-09	1.0000	0.1317	0.0043
2009-10	1.0000	0.1998	0.0043
2010-11	1.0000	0.2121	0.0037
2011-12	1.0000	0.2222	0.0037
2012-13	1.0000	0.0529	0.0035
2013-14	1.0000	0.2679	0.0035
2014-15	1.0000	0.2585	0.0035
2015-16	1.0000	0.2771	0.0035
2016-17	1.0000	0.3152	0.0035
2017-18	1.0000	0.3279	0.0035

Source: Orange County Auditor/Controller

City of Buena Park
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	<u>2017-18</u>			<u>2008-09</u>		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Knott's Berry Farm	\$ 329,528,275	1	3.37%	\$ 301,738,571	1	3.97%
Comref So California Industiral Sub	150,434,336	2	1.54%			
The Source at Beach, LLC.	130,658,402	3	1.34%			
Alticor Inc	98,748,258	4	1.01%			
PRI Buena Park Indl California LLC	94,269,670	5	0.97%	99,654,000	3	1.31%
Newkoa LLC	87,050,020	6	0.89%			
The Realty Associates Fund XI LP	70,323,965	7	0.72%			
Coventry II DDR Buena Park Place LP	50,689,310	8	0.52%	101,862,748	2	1.34%
Bottling Group LLC	45,426,823	9	0.47%	42,195,975	7	0.55%
6300 Regio LLC	41,086,989	10	0.42%			
Prologis California I LLC				68,897,546	4	0.91%
Amway Corporation				67,308,468	5	0.89%
Georgia-Pacific Corporation				51,629,735	6	0.68%
LBA Realty Fund Holding Co.				35,648,840	8	0.47%
Georgia-Pacific Corrugated LLC				32,219,656	9	0.42%
HK Fullerton LLC				28,517,357	10	0.37%
	<u>\$ 1,098,216,048</u>		<u>11.25%</u>	<u>\$ 829,672,896</u>		<u>10.91%</u>

Source: HdL Companies
Excludes government and tax-exempt property owners

City of Buena Park
Secured Property Tax Levies and Collections (1)
Last Ten Fiscal Years

Fiscal year ended June 30	Total Tax Levy	Collected within the fiscal year of the levy		Collections in Subsequent Years	Total collections to date	
		Amount	% of Levy		Amount	% of Levy
2008-09	6,254,724	6,032,374	96.45%	83,392	6,115,766	97.78%
2009-10	6,199,970	4,489,359	72.41%	133,841	4,623,200	74.57%
2010-11	6,197,224	6,056,832	97.73%	92,138	6,148,970	99.22%
2011-12	6,204,221	6,048,762	97.49%	87,455	6,136,217	98.90%
2012-13	6,265,913	6,160,983	98.33%	61,657	6,222,640	99.31%
2013-14	6,445,329	6,291,083	97.61%	50,680	6,341,763	98.39%
2014-15	6,615,614	6,444,393	97.41%	46,784	6,491,177	98.12%
2015-16	6,807,398	6,672,282	98.02%	45,115	6,672,282	98.02%
2016-17	6,952,697	6,838,928	98.36%	39,816	6,878,744	98.94%
2017-18	6,930,627	6,820,731	98.41%	(2)		

(1) Property tax totals are net of 1915 act bond

(2) Information not available

Source: Orange County Auditor/Controller

City of Buena Park
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other* Property	Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008-09	4,911,052	1,236,725	771,025	810,115	163,420	7,892,337	1.00
2009-10	4,685,423	1,366,864	958,560	558,019	183,480	7,752,346	1.00
2010-11	4,766,232	1,459,433	936,848	447,890	222,581	7,832,984	1.00
2011-12	4,827,360	1,451,380	941,195	400,690	228,963	7,849,588	1.00
2012-13	4,912,135	1,468,514	961,969	406,360	238,873	7,987,851	1.00
2013-14	5,042,078	1,432,849	1,112,097	451,647	236,998	8,275,669	1.00
2014-15	5,415,224	1,456,247	1,122,370	474,918	226,042	8,694,801	1.00
2015-16	5,734,199	1,590,478	1,165,617	468,840	191,295	9,150,429	1.00
2016-17	6,003,197	1,740,740	1,182,750	489,028	203,841	9,619,556	1.00
2017-18	6,397,835	1,854,790	1,254,693	456,876	178,067	10,142,261	1.00

*Other property includes recreational, institutional, vacant, and miscellaneous property.

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

Source: Orange County Assessor, HdL Coren & Cone

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

Fiscal Year	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Primary Government	Restricted for Debt Service	Net Bonded Debt	% of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Section 108 Loans	Notes Payable	Revenue Bonds	Notes Payable					
2008-09	99,822	4,319	16,780	348	777	122,046	54,653	104,489	5.49%	1,269
2009-10	97,075	4,319	15,403	238	621	117,656	65,254	101,632	5.44%	1,220
2010-11	94,283	4,319	13,960	122	459	113,143	8,262	98,724	5.42%	1,173
2011-12	-	-	12,458	-	291	12,749	-	-	0.70%	157
2012-13	-	-	10,890	-	117	11,007	-	-	0.58%	134
2013-14	-	-	9,255	-	25	9,280	-	-	0.49%	113
2014-15	-	-	7,552	-	15	7,567	-	-	0.39%	90
2015-16	-	-	5,780	-	5	5,785	-	-	0.29%	69
2016-17	10,288	-	4,351	-	-	14,639	-	10,288	0.51%	123
2017-18	10,262	-	2,318	-	-	12,580	-	10,262	0.49%	122

Note: Due to the dissolution of the Redevelopment Agency, outstanding revenue bonds and section 108 loans are no longer included in the governmental activities (see Note 15). Details regarding the outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 173 for personal income and population data.

Source: City of Buena Park Finance Department

City of Buena Park
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
City of Buena Park direct debt			
Police Pension Obligation Loan	\$ 2,002	100.00%	\$ 2,002
OCTA Note Payable	\$ 316	100.00%	<u>\$ 316</u>
Total Direct Debt			<u>2,318</u>
Overlapping debt			
Metropolitan Water District	15,208	0.95%	144
Orange County and School District	888,499	13.34%	<u>118,514</u>
Total Overlapping Debt			<u>118,658</u>
Total direct and overlapping debt			<u><u>\$ 120,976</u></u>

Source: Orange County Assessor, HdL Coren & Cone

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

⁽¹⁾ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

City of Buena Park
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (amounts expressed in thousands)

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 1,159,337	\$ 1,135,269	\$ 1,141,557	\$ 1,143,040	\$ 1,183,672
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 1,159,337</u>	<u>\$ 1,135,269</u>	<u>\$ 1,141,557</u>	<u>\$ 1,143,040</u>	<u>\$ 1,183,672</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2015-16:

Assessed value	\$ 9,767,749
Add back: exempt real property	<u>\$ 196,445</u>
Total assessed value	<u>\$ 9,964,194</u>
Debt limit (15% of total assessed value)	\$ 1,494,629
Debt applicable to limit:	-
Legal debt margin	<u>\$ 1,494,629</u>

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

Source: Orange County Assessor, HdL Coren & Cone

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,205,801	\$ 1,270,314	\$ 1,343,870	\$ 1,412,357	\$ 1,494,629
-	-	-	-	-
<u>\$ 1,205,801</u>	<u>\$ 1,270,314</u>	<u>\$ 1,343,870</u>	<u>\$ 1,412,357</u>	<u>\$ 1,494,629</u>
0%	0%	0%	0%	0%

City of Buena Park
Revenue Bond Coverage
1996 Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ⁽¹⁾	Principal	Interest	Total	Coverage
2009	54,742,230	275,000	59,587	334,587	16361%
2010	49,234,955	290,000	43,905	333,905	14745%
2011	58,077,593	305,000	27,093	332,093	17488%
2012	54,626,400	320,000	18,400	338,400	16143%
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-

⁽¹⁾ Total General Fund revenues

Note: The information for the 2000, 2003, 2008 Series A, and 2008 Series B Tax Allocation Refunding Bonds are no longer included in the financial and statistical section of the City of Buena Park's Comprehensive Annual Financial Report. Effective February 1, 2012 the State of California dissolved all redevelopment agencies, including the Redevelopment Agency of the City of Buena Park. A Successor Agency was set up to handle the ongoing debt service obligations of the former redevelopment agency. The Successor Agency acts in a fiduciary capacity only and is therefore excluded from the government-wide financial statements because any resources of this Agency cannot be used to support the government's programs. Likewise, the liabilities, including the debt service are not included in the financial or statistical sections.

City of Buena Park
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2008-09	82,332	1,901,540	23,096	6.6%
2009-10	83,281	1,868,659	22,438	11.2%
2010-11	84,141	1,822,746	21,663	11.9%
2011-12	81,460	1,831,384	22,482	10.8%
2012-13	81,953	1,882,624	22,972	7.1%
2013-14	82,344	1,887,654	22,924	6.3%
2014-15	82,330	1,925,699	23,390	4.7%
2015-16	83,347	2,015,754	24,185	3.8%
2016-17	83,884	2,033,040	24,236	3.4%
2017-18	83,995	2,088,787	24,867	2.9%

Source: HdL, Coren & Cone

City of Buena Park
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2017-18</u>			<u>2008-09</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment*</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>
Knott's Berry Farm	5,071	1	12.68%	5,071	1	13.27%
J.C. Penney	526	2	1.32%	382	6	1.00%
Leach Corporation	483	3	1.21%	483	3	1.26%
Access Business Group, LLC	479	4	1.20%			
Pepsi	477	5	1.19%	462	5	1.21%
RIA Financial/AFEX Money Express	401	6	1.00%			
SYSCO Riverside, Inc.	375	7	0.94%			
Yamaha Corporation of America	350	8	0.88%	350	8	0.92%
Select Staffing Real Time Staffing Services	332	9	0.83%			
Golden State Food Corp	300	10	0.75%			
Prologis California I LLC				800	2	2.09%
Nutrilite				479	4	1.25%
ADP				358	7	0.94%
City of Buena Park				319	9	0.84%
Walmart				269	10	0.70%
Total	<u><u>8,794</u></u>		<u><u>21.99%</u></u>	<u><u>8,973</u></u>		<u><u>23.49%</u></u>

* Based upon U.S. Department of Labor's estimate of 40,000 residents employed in 2017-18 and 38,200 employed in 2008-09.

Sources: City of Buena Park Finance Department, State of California Employment Development Department

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City of Buena Park
 Full-Time Equivalent City Employees by Function
 Last Ten Fiscal Years

Function	2008-09	2009-10	2010-11	2011-12	2012-13
General Government	38	38	38	38	31
Public Safety	143	143	143	142	141
Public Works	47	47	47	47	41
Community Services	26	26	26	26	19
Community Development	28	28	28	28	21
Water	29	29	28	28	27
Total	311	311	310	309	280

Source: City of Buena Park Budget

<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
34	43	43	40.5	40.5
138	126	126	127	131
40	41	41	37	37
19	25	25	21.5	22.5
16	16	16	16	16
<u>27</u>	<u>27</u>	<u>27</u>	<u>28</u>	<u>28</u>
<u><u>274</u></u>	<u><u>278</u></u>	<u><u>278</u></u>	<u><u>270</u></u>	<u><u>275</u></u>

City of Buena Park
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function:	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Police						
Calls dispatched	38,704	36,499	35,139	34,031	32,126	43,650
Crime reports	5,784	9,741	9,535	8,617	8,251	9,883
Moving citations	2,519	10,151	9,344	7,389	7,044	5,572
Parking citations	6,190	17,055	14,980	12,477	12,548	14,560
Streets and Highways						
Asphalt repair (in tons)	326	330	297	343	293	269
Curb & gutter repair (lineal ft.)	1,858	1,860	1,256	919	887	1,022
Sidewalk repair (lineal ft.)	2,988	3,000	2,616	1,483	1,211	1,324
Water						
Number of customer accounts	19,300	19,300	19,300	19,300	18,921	19,300
Average daily consumption (millions of gallons)	15	15	15	12.5	13.6	13.6
Water samples taken (annual)	1,200	1,200	1,200	1,200	1,200	1,200
Sewers						
Feet of sewer mains root cut/ chemically treated	22,000	22,000	22,000	22,000	29,405	29,274
Maintenance						
Graffiti removals	5,032	5,600	5,600	5,600	10,000	9,240
Streetsweeping miles	23,000	23,000	23,000	23,000	23,000	23,000
Trees pruned per year	5,294	5,200	4,887	5,000	5,975	5,344
Culture and Recreation						
Youth sports	1,100	1,050	1,050	1,100	1,000	900
Aquatics	29,550	27,500	29,000	29,500	29,500	25,749
Picnic rentals	14,745	12,500	12,500	12,500	15,000	17,000
Leisure classes	8,370	9,402	9,434	9,450	4,832	5,095
Senior Center participants	136,888	136,000	130,000	102,803	111,366	110,410

Source: City of Buena Park

2014-15	2015-16	2016-17	2017-18
43,051	56,163	66,096	76,955
9,540	9,831	9,874	10,283
8,973	8,803	7,124	9,096
16,221	14,589	18,566	16,617
270	283	211	97
1,000	422	417	726
1,300	3,893	2,143	6,719
19,300	19,481	19,391	19,520
10.9	10.6	11.1	12.1
1,200	1,200	3,000	3,000
29,000	52,630	52,630	52,630
7,172	8,160	8,708	5,439
23,000	2,300	23,350	23,350
5,300	5,400	1,150	1,754
1,300	1,302	1,203	1,223
23,617	25,751	26,885	25,821
20,000	18,700	13,141	15,440
3,752	3,655	3,709	3,969
116,112	122,216	132,410	132,504

City of Buena Park
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function:	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Public Safety						
Police stations	1	1	1	1	1	1
Number of patrol units	30	30	30	30	30	30
Highways and streets						
Miles of streets	147.6	147.6	147.6	147.6	147.6	147.6
Traffic Signals	70	70	70	70	70	70
Water						
Number of active water wells	8	8	8	8	8	8
Number of reservoirs	1	1	1	1	1	1
Miles of lines & mains	220	220	220	220	220	220
Sewer						
Miles of sanitary sewers	168	168	168	168	168	168
Miles of flood control channel	21	21	21	21	21	21
Culture and Recreation						
Number of parks	11	11	11	11	11	11
Number of community facilities	1	2	2	3	3	3

Source: City of Buena Park

2014-15	2015-16	2016-17	2017-18
1 30	1 32	1 30	1 34
147.6 70	147.6 73	191.3 83	191.3 85
8 1 220	8 1 220	8 1 220	8 1 220
168 21	168 21	168 21	168 21
11 3	11 3	11 3	11 3

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Successor Agency to the Community Redevelopment Agency of the City of Buena Park (the “Successor Agency”) in connection with the issuance of its Tax Allocation Refunding Parity Bonds, 2019 Series A (“Series A Bonds”) and Taxable Tax Allocation Refunding Parity Bonds, 2019 Series B (“Series B Bonds,” and together with the Series A Bonds, the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2019, by and between the Successor Agency and MUFG Union Bank, N.A. (the “Trustee”) (the “Indenture”). The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means February 1 in each year, beginning February 1, 2020.

“*Dissemination Agent*” means Harrell & Company Advisors, LLC, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Successor Agency in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing February 1, 2020 with the report for the 2018-19 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the

Annual Report Date, if not available by that date. If the Successor Agency fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Successor Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Successor Agency, in a timely manner, shall provide (or cause the Dissemination Agent to provide) a notice to the MSRB, in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Successor Agency's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

- (i) Table No. 2;
- (ii) Table No. 3;
- (iii) Table No. 4;
- (iv) Table No. 5;
- (v) Table No. 6;
- (vi) Table No. 7;
- (vii) Table No. 8;
- (viii) Table No. 9; and
- (ix) Table No. 11.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Successor Agency shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Successor Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Successor Agency, any of which affect security holders, if material.

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Successor Agency, any of which reflect financial difficulties.

(b) The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the Successor Agency obtains knowledge of the occurrence of any of these Listed Events, the Successor Agency will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Successor Agency will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Successor Agency.

(e) The term financial obligation means a (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of (e)(1) or (e)(2). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Successor Agency’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Harrell & Company Advisors, LLC. Any Dissemination Agent may resign by providing 30 days’ written notice to the Successor Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the Dissemination Agent shall not be obligated to enter

into any amendment increasing or affecting its duties or obligations and further provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Successor Agency fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall be entitled to the protections and limitations afforded to the Trustee under the Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Bond holders or any other party. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2019

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF BUENA PARK

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:
HARRELL & COMPANY ADVISORS, LLC,
as Dissemination Agent

By: _____

Authorized Officer

APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINIONS

Opinion for Series A Bonds

November __, 2019

Successor Agency to the Community
Redevelopment Agency of the City of Buena Park
6650 Beach Boulevard
Buena Park, California 90622-5009

OPINION: \$_____ Successor Agency to the Community
Redevelopment Agency of the City of Buena Park Tax
Allocation Refunding Parity Bonds, 2019 Series A

Members of the Successor Agency:

We have acted as bond counsel to the Successor Agency to the Community Redevelopment Agency of the City of Buena Park (the "Successor Agency") in connection with the issuance by the Successor Agency of its \$_____ aggregate principal amount of Successor Agency to the Community Redevelopment Agency of the City of Buena Park Tax Allocation Refunding Parity Bonds, 2019 Series A (the "Series A Bonds"), under the provisions of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Bond Law"), and under an Indenture of Trust dated as of November 1, 2019 (the "Indenture"), between the Successor Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Successor Agency is a public body corporate and politic duly organized and validly existing under the laws of the State of California, with the full power to enter into the Indenture, perform the agreements on its part contained therein and issue the Series A Bonds.

2. The Indenture has been duly approved by the Successor Agency and constitutes the valid and binding obligation of the Successor Agency enforceable against the Successor Agency in accordance with its terms.

3. Under the Bond Law, the Indenture establishes a valid lien on the funds pledged thereby for the security of the Series A Bonds.

4. The Series A Bonds have been duly authorized, executed and delivered by the Successor Agency and are valid and binding special obligations of the Successor Agency, payable solely from the sources provided therefor in the Indenture.

5. The interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Successor Agency has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Series A Bonds.

6. Interest on the Series A Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Series A Bonds.

The rights of the owners of the Series A Bonds and the enforceability of the Series A Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

Opinion for Series B Bonds

November __, 2019

Successor Agency to the Community
Redevelopment Agency of the City of Buena Park
6650 Beach Boulevard
Buena Park, California 90622-5009

OPINION: \$_____ Successor Agency to the Community
Redevelopment Agency of the City of Buena Park Taxable Tax
Allocation Refunding Parity Bonds, 2019 Series B

Members of the Successor Agency:

We have acted as bond counsel to the Successor Agency to the Community Redevelopment Agency of the City of Buena Park (the "Successor Agency") in connection with the issuance by the Successor Agency of its \$_____ aggregate principal amount of Successor Agency to the Community Redevelopment Agency of the City of Buena Park Taxable Tax Allocation Refunding Parity Bonds, 2019 Series B (the "Series B Bonds"), under the provisions of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Bond Law"), and under an Indenture of Trust dated as of November 1, 2019 (the "Indenture"), between the Successor Agency and MUFJ Union Bank, N.A., as trustee (the "Trustee"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Successor Agency is a public body corporate and politic duly organized and validly existing under the laws of the State of California, with the full power to enter into the Indenture, perform the agreements on its part contained therein and issue the Series B Bonds.

2. The Indenture has been duly approved by the Successor Agency and constitutes the valid and binding obligation of the Successor Agency enforceable against the Successor Agency in accordance with its terms.

3. Under the Bond Law, the Indenture establishes a valid lien on the funds pledged thereby for the security of the Series B Bonds.

4. The Series B Bonds have been duly authorized, executed and delivered by the Successor Agency and are valid and binding special obligations of the Successor Agency, payable solely from the sources provided therefor in the Indenture.

5. Interest on the Series B Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Series B Bonds and the enforceability of the Series B Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

The rights of the owners of the Series B Bonds and the enforceability of the Series B Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

APPENDIX G

THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of

AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on such Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or

Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.