



City Of Anaheim, California
Year Ended June 30, 2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF ANAHEIM
CALIFORNIA
YEAR ENDED JUNE 30, 2010

PREPARED BY DEPARTMENT OF FINANCE



CITY OF ANAHEIM

CITY COUNCIL



HARRY SIDHU
MAYOR PRO TEM



LUCILLE KRING
COUNCIL MEMBER



CURT PRINGLE
MAYOR



LORRI GALLOWAY
COUNCIL MEMBER



BOB HERNANDEZ
COUNCIL MEMBER

INTRODUCTORY SECTION



Comprehensive Annual Financial Report

Table of Contents

June 30, 2010

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	5
Organization Chart	7
Administrative Personnel	8
FINANCIAL SECTION	
Independent Auditors' Report	9
Management's Discussion and Analysis (Unaudited)	11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	21
Statement of Activities	23
Fund Financial Statements	
Balance Sheet – Governmental Funds	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Housing Authority	30
Statement of Fund Net Assets – Proprietary Funds	31
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	33
Statement of Cash Flows – Proprietary Funds	34
Statement of Fiduciary Net Assets	37
Statement of Changes in Fiduciary Net Assets	39
Notes to the Financial Statements	41
Required Supplementary Information (Unaudited)	73
Combining Individual Fund Statements and Schedules	
Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds by Fund Type	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds by Fund Type	76
Combining Balance Sheet – Nonmajor Special Revenue Funds	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Nonmajor Special Revenue Funds	79
Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds	81

(continued)

Comprehensive Annual Financial Report

Table of Contents

June 30, 2010 (continued)

	Page
Combining Balance Sheet – Nonmajor Debt Service Funds	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	87
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – All Debt Service Funds	88
Combining Balance Sheet – Nonmajor Capital Projects Funds	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	91
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Budgetary Basis Actual – All Capital Projects Funds	92
Internal Service Funds	
Combining Statement of Fund Net Assets – Internal Service Funds	95
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	96
Combining Statement of Cash Flows – Internal Service Funds	97
Fiduciary Funds	
Statement of Changes in Fiduciary Assets and Liabilities – Agency Fund – Mello-Roos	99
STATISTICAL SECTION (Unaudited)	
Net Assets by Component – Last Nine Fiscal Years	102
Changes in Net Assets – Last Nine Fiscal Years	103
Governmental Activities Tax Revenues by Source – Last Nine Fiscal Years	105
Fund Balances of Governmental Funds – Last Ten Fiscal Years	106
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	107
General Government Tax Revenues by Source – Last Ten Fiscal Years	108
Assessed Value of Taxable Property – Last Ten Fiscal Years	109
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	110
Principal Property Tax Payers – Current Year and Nine Years Ago	111
Property Tax Levies and Collections – Last Ten Fiscal Years	112
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	113
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	114
Direct and Overlapping Governmental Activities Debt - as of June 30, 2010	115
Legal Debt Margin – Last Ten Fiscal Years	117
Pledged-Revenue Coverage – Last Ten Fiscal Years	118
Demographic and Economic Statistics – Last Ten Fiscal Years	120
Principal Employers – Last Seven Fiscal Years	121
Full-time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	123
Operating Indicators by Function – Last Seven Fiscal Years	124
Capital Assets Statistics by Function – Last Seven Fiscal Years	126
City of Anaheim Map	128



City of Anaheim, California Finance Department

December 14, 2010

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

In accordance with the Charter of the City of Anaheim (City), we are submitting the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial activities have been included.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

Anaheim and Orange County are home to a wide spectrum of industries—more than 4,600 manufacturing plants are located in the county, most notably aerospace, electronics, machinery, computer, and food product manufacturers. Unionization is prevalent in manufacturing, construction, hotels, trucking, warehousing, grocery stores, drug stores, and some larger retail outlets. High-tech businesses are typically non-union.

As the City continues to attract population growth and economic expansion, its municipal services are constantly being improved to serve residential and business needs. This growth in City service demand presents the City with significant challenges; and if the high level of service is to be maintained, the City will need to continue to explore new methods of obtaining financial resources and more efficient methods to deliver services. The unemployment rate in the Orange County, California area for June 2010 was 9.5%, which is the same as the national average but remained below the state (12.3%) average.

Tourism related spending provides significant discretionary revenue to the City of Anaheim, and the City closely monitors and projects trends related to this market. Revenue from tourism remained strong in fiscal year 2010, although less than previous fiscal years, with local economic forecasts indicating a modest growth in fiscal year 2011. The City's revenue from sales and use taxes continues to be a significant source of revenue, although there was a continued decline of these revenues in fiscal year 2010 that are expected to improve modestly in fiscal year 2011.

MAJOR INITIATIVES

City management, under the direction of the Mayor and City Council, identifies priorities that will steer the City's future. As each new City Council takes office, all of our initiatives are reevaluated, and new ones added, to assure they are consistent with the priorities of our policy body and the community. It is through prudent fiscal management and clear, consistent priorities that the City will continue to enhance customer service, maintain core services, strengthen economic vitality, and continue to invest in the community.

CUSTOMER SERVICE: One of the tenets that has guided the vision of Anaheim over the years has been a commitment to delivering unparalleled customer service. While the City has flourished with a spirit of innovation and progress, this transformation has been accomplished without sacrificing the basic common denominator of service. The current environment offers numerous challenges to maintaining high service levels; however, the City has taken this opportunity to evaluate and improve upon the way we serve Anaheim citizens. As residents and businesses adopt the latest trends in technology and social media, the City recognizes that in order to provide enhanced customer services, there is a need to transform the manner in which it interacts and conducts business with its customers. Over the past several years, the City has unveiled a collection of new systems aimed at providing easier access to City services, including the web-based Anaheim Anytime and 3-1-1 hotline to provide residents and business with seamless access to services around the clock. Additionally, the Anaheim Alert system was implemented to keep residents informed of emergency alerts and critical events impacting their neighborhoods and the City's website has undergone a makeover and will continue to add automated services for Anaheim residents and businesses.

MAINTAINING CORE SERVICES: Through these difficult times, the City is committed to the delivery of core services. Providing residents with safe and vibrant neighborhoods is a priority, and the Police and Fire Departments continue to manage the economic environment by making prudent adjustments that make it possible to maintain service levels. Newer facilities in both East and West Anaheim will facilitate prompt responsiveness to public safety issues. The Public Utilities Department also has positioned itself to maintain high levels of service to customers through critical infrastructure and new technology investments. Public Works ensures that other core infrastructure, such as streets and roads, are well maintained for safe and efficient use by the residents and businesses of Anaheim. Street widening and median installation projects, including sections of Brookhurst and Katella, improve the flow of traffic. These projects are made possible by funding opportunities provided by Federal, State, and local agencies.

ECONOMIC VITALITY: As the City has evolved, the diversity of assets has allowed Anaheim to become the world class destination that it is today. With targeted expansion and strategic investment, the City has successfully leveraged its resources to sustain its growth. Although a changing economic environment demands prudent management of the City's resources, the exploration of new opportunities for economic growth continues. The Anaheim Convention Center, the largest convention center on the west coast, will undergo an impressive expansion that will increase the public meeting space by more than 200,000 square feet. The City continues to develop transportation solutions for the region and is scheduled to begin construction in fiscal year 2011 on the Anaheim Regional Transportation Intermodal Center (ARTIC). This center will provide a functional link among all transit modes and act as the southern terminus of the California High Speed Rail Project.

INVESTMENT IN OUR COMMUNITY: In spite of economic challenges, the City recognizes that creating and maintaining a vibrant and livable community is a fundamental responsibility. As a result of an unprecedented Capital Improvement Program, the City has made an incredible investment in the community over the last decade. The investment in improvements from the building of new community centers to improving critical infrastructure has not only enhanced the quality of life for all residents, but has positioned the City well for the future. Understanding the importance of new opportunities for recreation, the City is moving forward with the development of the Anaheim Coves project at Burris Basin to provide residents with a new network of green space and trails, which also reestablishes the important link between Anaheim and its namesake, the Santa Ana River. The City will also finalize the development of Founder's Park, located in the Colony District and will add an additional acre of green space and showcase some of the structures and artifacts that are part of Anaheim's beginnings. In addition to new facilities, the City has dedicated resources to improving existing neighborhoods and revitalizing areas in need.

FINANCIAL INFORMATION

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

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

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

RELEVANT FINANCIAL POLICIES: Over the years, through sound fiscal management, the City has positioned itself well to weather economic downturns, create a positive atmosphere for economic development, and allow flexibility in addressing budgetary challenges. As of June 30, 2010, the City's General Fund has an unreserved and undesignated fund balance of \$29.5 million, which represents 12% of total expenditures. Traditionally, the policy has been to maintain General Fund reserves at a minimum of 7 to 10% of expenditures.

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

LONG-TERM FINANCIAL PLANNING: On June 22, 2010, the City Council adopted the fiscal year 2011 budget. Additionally, as a companion to approving the budget plan, a five-year Capital Improvement Plan was presented to the City Council. The five-year plan links anticipated expenditures for infrastructure development with community needs and desires and provides a citywide perspective of recommended projects and proposed funding sources. The Capital Improvement Plan was finalized in June 2010, and totaled \$525.1 million for the five-year fiscal period ending June 30, 2015. The five-year Capital Improvement Plan has been submitted and annually updated, in its present form, since 1982, for effective long-range planning purposes. It is City Management's belief that these two plans give City Council members an expanded opportunity to set policy and provide direction for implementation, resulting in improved management efficiency and improved financial results.

OTHER INFORMATION

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) CERTIFICATE OF ACHIEVEMENT AWARD: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California, for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the 34th consecutive year that the City has achieved this prestigious award (fiscal years ended June 30, 1976 through 2009). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

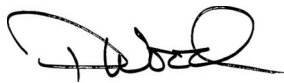
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis is a team effort involving many dedicated people across the entire organization. I would like to extend a special thanks to the talented professionals of the Finance Department led by Deborah Moreno, Deputy Finance Director. Appreciation is also expressed to Mayor Pro Tem Harry Sidhu and Council Member Bob Hernandez for their significant contributions as members of the Audit Committee.

In closing, without the leadership and support of the City Council, preparation and results of this report would not have been possible. Its leadership has made possible the implementation of these important and innovative concepts in fiscal management by the City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. Wood', with a large, stylized flourish at the end.

Thomas J. Wood
City Manager

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Anaheim
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

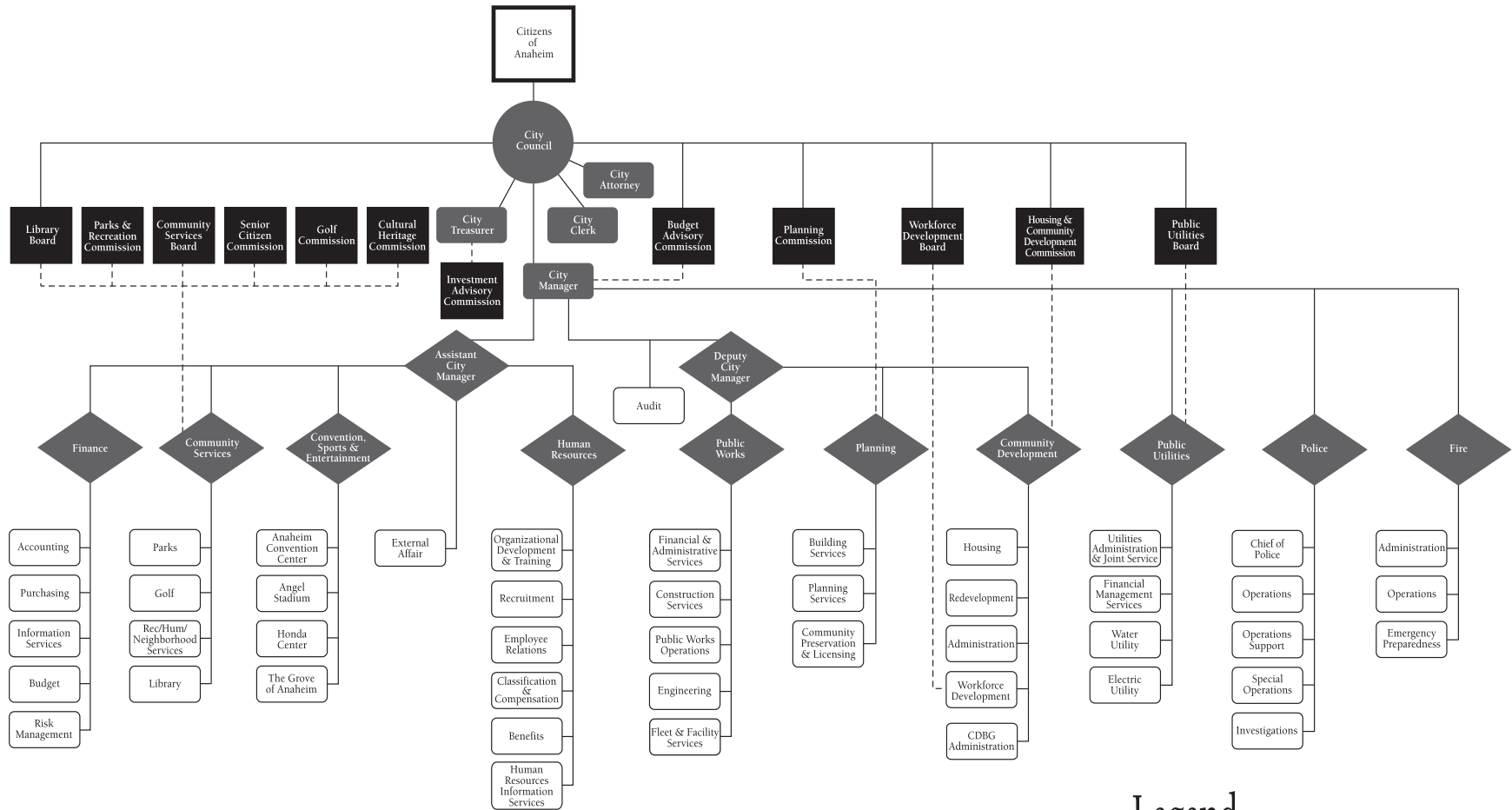
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

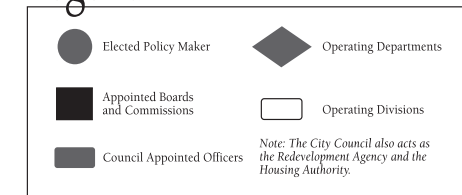
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA.



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Legend



Administrative Personnel
June 30, 2010

City Manager	Thomas J. Wood
Assistant City Manager	Marcie L. Edwards
Acting Deputy City Manager/Planning Director	Sheri Vander Dussen
Deputy City Manager-Administration	Greg Garcia
Chief of Police	John Welter
City Attorney	Cristina L. Talley
City Clerk	Linda N. Andal
City Treasurer	Henry W. Stern
Community Development Executive Director	Elisa Stipkovich
Community Services Director	Terry D. Lowe
Convention, Sports & Entertainment Executive Director	Thomas Morton
Interim Fire Chief	Larry Waterhouse
Human Resources Director/Acting Finance Director	Kristine Ridge
Public Works Director	Natalie Meeks

FINANCIAL SECTION





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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Housing Authority Funds for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 11 through 19 and the pension plan supplementary information on page 73 are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

December 14, 2010



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MANAGEMENT'S DISCUSSION AND ANALYSIS



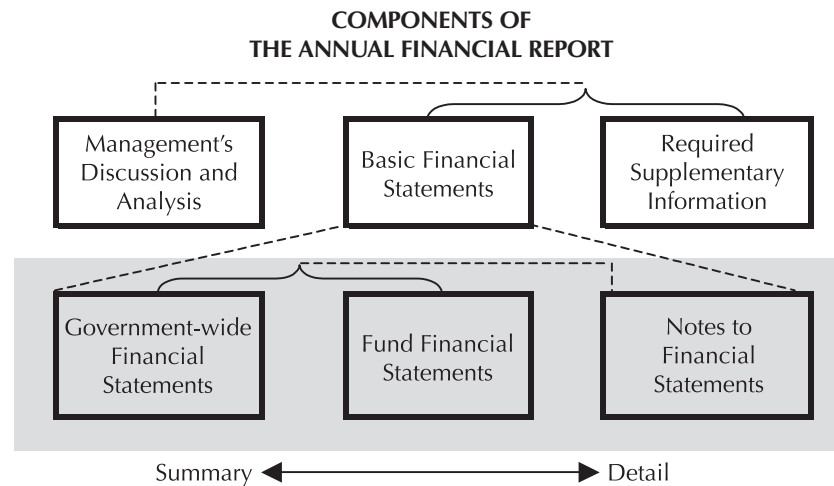
Management’s Discussion and Analysis

(Unaudited)

As management of the City of Anaheim (City), we offer readers of the City’s basic financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the City’s basic financial statements in the financial section of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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



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

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

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

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

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

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

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

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

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

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

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

The City maintains 19 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Housing Authority Special Revenue Fund, both of which are considered to be major funds. Data for the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary combining statements on pages 75-80, 86-87, and 90-91 of this report.

The City adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and the major special revenue fund (Housing Authority) are required to be presented and are included in the basic financial statements on pages 29-30 of this report. Additionally, budgetary schedules for the other governmental funds have been provided to demonstrate compliance with the budget and can be found as part of other supplementary schedules on pages 81-85, 88-89, and 92-93 of this report.

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-72 of this report.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents combining individual fund statements referred to earlier in connection with nonmajor governmental funds and internal service funds. Also included are the budgetary comparison Schedules of Revenues, Expenditures and Changes in Fund Balances for all nonmajor special revenue funds, all debt service funds, and all capital projects funds. These statements and schedules can be found on pages 75-98 of this report.

FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The City's net assets increased as a result of this year's operations. Net Assets of the City's governmental activities increased \$10,104 (1%) and business-type activities net assets decreased \$2,546 (less than 1%).
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$29,490, or 12% of the total General Fund expenditures.
- The City's total capital assets increased by \$58,867 (2%) during the current fiscal year.
- The City's total long-term liabilities decreased by \$4,689 (less than 1%) during the current fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET ASSETS
JUNE 30, 2010 AND 2009

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 474,725	\$ 482,898	\$ 537,116	\$ 592,237	\$1,011,841	\$1,075,135
Capital assets, net	1,323,901	1,290,772	1,490,851	1,465,113	2,814,752	2,755,885
Total assets	<u>1,798,626</u>	<u>1,773,670</u>	<u>2,027,967</u>	<u>2,057,350</u>	<u>3,826,593</u>	<u>3,831,020</u>
Other liabilities	58,715	57,068	106,397	115,340	165,112	172,408
Long-term liabilities	914,865	901,660	979,197	997,091	1,894,062	1,898,751
Total liabilities	<u>973,580</u>	<u>958,728</u>	<u>1,085,594</u>	<u>1,112,431</u>	<u>2,059,174</u>	<u>2,071,159</u>
Net assets:						
Invested in capital assets, net of related debt	795,579	753,409	762,236	754,157	1,557,815	1,507,566
Restricted	150,750	154,306	49,325	45,493	200,075	199,799
Unrestricted (deficit)	<u>(121,283)</u>	<u>(92,773)</u>	<u>130,812</u>	<u>145,269</u>	<u>9,529</u>	<u>52,496</u>
Total net assets	<u>\$ 825,046</u>	<u>\$ 814,942</u>	<u>\$ 942,373</u>	<u>\$ 944,919</u>	<u>\$1,767,419</u>	<u>\$1,759,861</u>

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

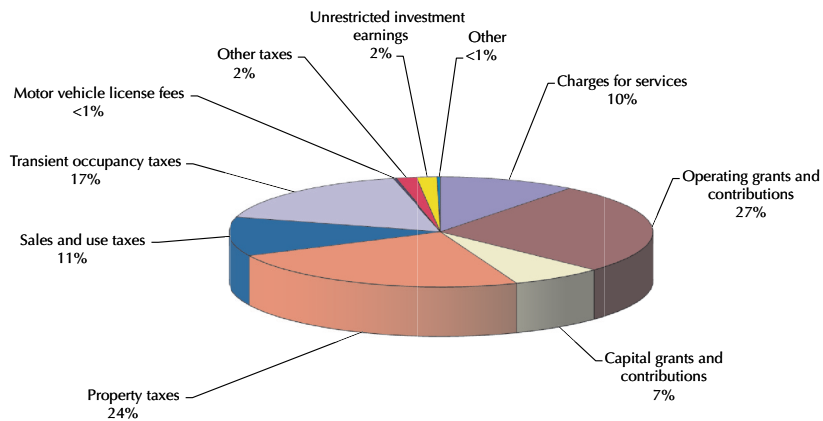
An additional portion of the City's net assets (11%) represents resources that are subject to external restriction on how they may be used. The remaining unrestricted net assets of \$9,529 may be used to meet the City's ongoing obligations to citizens and creditors. Of the unrestricted net assets, \$130,812 is attributable to business-type

activities, which offsets the governmental activities unrestricted net deficit of \$121,283. The Anaheim Redevelopment Agency (Redevelopment Agency), a blended component unit of the City, represents \$138,632 of the deficit in unrestricted net assets. The Redevelopment Agency was established for the purpose of promoting economic revitalization and eliminating blight within the designated project area of the City. Often these activities do not result in residual assets, but rather underwrite the cost of a development activity deemed beneficial in meeting the Redevelopment Agency's objectives. The resulting Statement of Net Assets reflects the debt obligation to be repaid through future tax revenues, without an offsetting asset. While this is a routine function of such an entity, when blended with the City, its deficit of unrestricted net assets causes the governmental activities to report a consolidated deficit position.

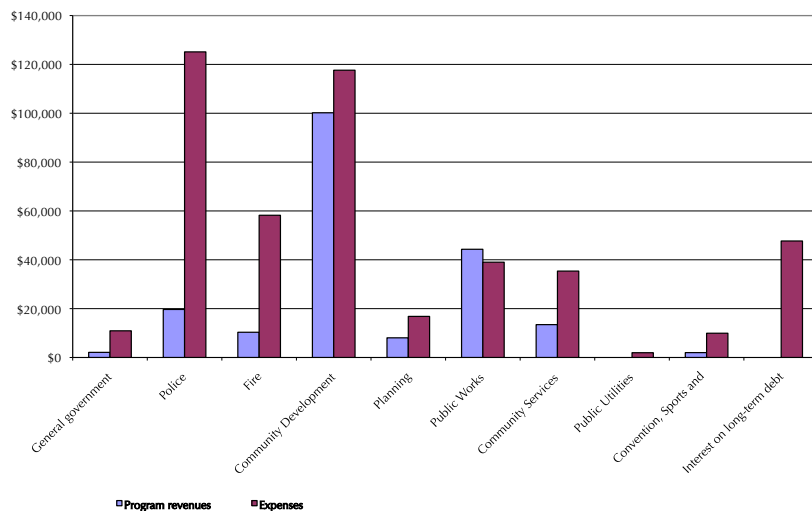
CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2010 AND 2009

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program revenues:						
Charges for services	\$ 47,345	\$ 46,738	\$525,743	\$504,378	\$ 573,088	\$ 551,116
Operating grants and contributions	120,900	109,244	1,990	965	122,890	110,209
Capital grants and contributions	31,828	66,347	5,622	6,620	37,450	72,967
General revenues:						
Taxes:						
Property taxes	107,420	107,921			107,420	107,921
Sales and use taxes	52,045	56,991			52,045	56,991
Transient occupancy taxes	77,139	80,055			77,139	80,055
Motor vehicle license fees	1,026	1,180			1,026	1,180
Other taxes	7,288	8,041			7,288	8,041
Unrestricted investment earnings	7,012	8,667	15,825	19,580	22,837	28,247
Other	1,175	394			1,175	394
Total revenues	<u>453,178</u>	<u>485,578</u>	<u>549,180</u>	<u>531,543</u>	<u>1,002,358</u>	<u>1,017,121</u>
EXPENSES						
Program activities:						
Governmental activities:						
General government	10,917	12,144			10,917	12,144
Police	125,121	121,162			125,121	121,162
Fire	58,229	57,768			58,229	57,768
Community Development	117,621	109,523			117,621	109,523
Planning	16,822	17,057			16,822	17,057
Public Works	39,017	47,226			39,017	47,226
Community Services	35,372	37,704			35,372	37,704
Public Utilities	1,952	1,515			1,952	1,515
Convention, Sports and Entertainment	9,931	10,069			9,931	10,069
Interest on long-term debt	47,694	47,859			47,694	47,859
Business-type activities:						
Electric Utility			375,491	358,882	375,491	358,882
Water Utility			55,514	48,976	55,514	48,976
Sanitation			50,540	52,721	50,540	52,721
Golf Courses			4,436	4,495	4,436	4,495
Convention, Sports and Entertainment Venues			46,143	45,643	46,143	45,643
Total expenses	<u>462,676</u>	<u>462,027</u>	<u>532,124</u>	<u>510,717</u>	<u>994,800</u>	<u>972,744</u>
Excess (deficiency) before transfers	(9,498)	23,551	17,056	20,826	7,558	44,377
Transfers in (out)	19,602	41,141	(19,602)	(41,141)		
Increase (decrease) in net assets	10,104	64,692	(2,546)	(20,315)	7,558	44,377
Net assets at beginning of year	<u>814,942</u>	<u>750,250</u>	<u>944,919</u>	<u>965,234</u>	<u>1,759,861</u>	<u>1,715,484</u>
Net assets at end of year	<u>\$825,046</u>	<u>\$814,942</u>	<u>\$942,373</u>	<u>\$944,919</u>	<u>\$1,767,419</u>	<u>\$1,759,861</u>

**REVENUES BY SOURCE -
GOVERNMENTAL ACTIVITIES**



**EXPENSES AND PROGRAM REVENUES -
GOVERNMENTAL ACTIVITIES**



Governmental activities. The most significant revenues of the governmental activities are general taxes (54%), which include property taxes (24%), sales and use taxes (11%), transient occupancy taxes (17%), other taxes (2%), and motor vehicle license fees (VLF) (less than 1%). Program revenues are 44% of the total revenues of the governmental activities, which include charges for services (10%), operating grants and contributions (27%), and capital grants and contributions (7%).

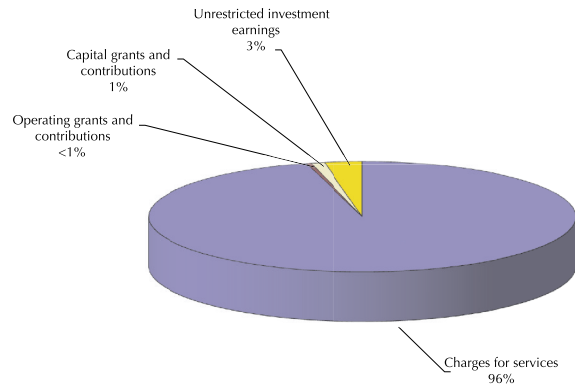
Public safety (police and fire) expenses are the most significant (40%) of all governmental activities expenses, followed by community development (25%), interest on long-term debt (10%), public works (8%), community services (8%), and various other programs (9%). Included in these amounts is depreciation expense, which is 6% of the total expenses for governmental activities.

Governmental activities revenues decreased \$32,400 (7%) in the current fiscal year. Due to the economic downturn, taxes decreased \$9,270 (4%). Historically low investment returns and a reduction of surplus monies available for investment resulted in a decrease in investment income of \$1,655 (19%). Capital grants and contributions decreased \$34,519 (52%) due to the one-time nature of such grants and contributions that were received in the prior fiscal year for road and other infrastructure improvements. These decreases were partially offset by an increase in operating grants and contributions of \$11,656 (11%), primarily due to awards of American Recovery and Reinvestment Act (ARRA) revenues for various housing, homeless prevention, and neighborhood stabilization programs of \$4,671, Urban Area Security Initiative (UASI) grant revenues of \$2,780, and Narcotic Asset Forfeiture revenues of \$1,527 as a result of money and property seizures in drug-related incidents.

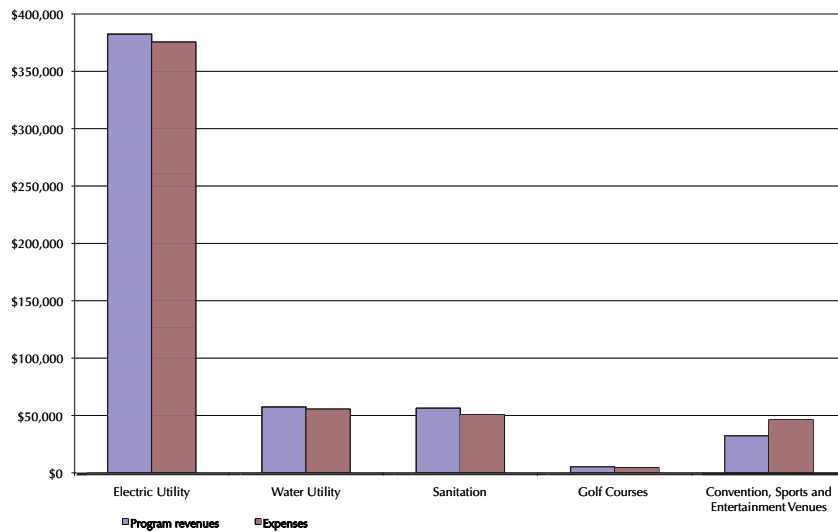
Governmental activities transfers in decreased \$21,539 (52%) primarily due to one-time transfers in the prior fiscal year from the Electric Utility, Water Utility, Sanitation and Convention Sports and Entertainment Venues of \$19,419. Additional information regarding transfers can be found in note 3 of the notes to the financial statements on page 51-53 of this report.

Governmental activities expenses increased \$649 (less than 1%) in the current fiscal year. There were no significant or unusual changes during the year.

**REVENUES BY SOURCE -
BUSINESS-TYPE ACTIVITIES**



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



Business-type activities. Business-type activities decreased the City's net assets by \$2,546. Key elements of this change are as follows:

Charges for services of \$525,743 increased \$21,365 (4%). The increase in charges for services was primarily due to increases from the Electric Utility of \$11,861 (3%), the Water Utility of \$5,561 (11%), and Convention, Sports and Entertainment Venues of \$3,810 (14%).

- The increase in Electric Utility charges for service is partly due to increased retail sales revenue of \$10,025 (4%). In response to sustained increased power costs, the City Council increased base rates with an equal and corresponding drop in the Power Cost Adjustment (PCA) charge. The Power Cost Adjustment (PCA) is a rate charged to customers to collect for the variability in power and fuel supply costs and is not included in retail base rates. Additionally, wholesale sales increased \$7,588 (27%), primarily due to more surplus power available to the wholesale market when the retail sales volumes were decreased and a planned maintenance schedule was delayed in the Intermountain Power Project in this fiscal year. The increase in the Electric Utility charges for services was partially offset by a decrease in transmission revenues of \$3,185 (12%) due to decreased statewide transmission demand and reduced rates set by the California Independent System Operator (CAISO).
- The increase in the Water Utility charges for services is primarily due to the increase in water sales of \$4,464 (9%) as a result of an increase of 21% in the Water Commodity Adjustment (WCA) charge billed to customers beginning July 7, 2009. The WCA charge is a rate charged to all consumers that can be adjusted annually to recover the increased costs of water. In fiscal year 2010, the costs of purchased water increased substantially, primarily as a result of a 21% increase in the per unit cost of treated water and an 18% increase in the per unit cost of untreated water purchased from the Metropolitan Water District (MWD) of Southern California. Additionally, effective July 7, 2009, the Utility began charging customers 7.5 cents per hundred cubic foot for the Water System Reliability Adjustment (WSRA) to recover projected capital costs, including rehabilitation and construction of water and reclaimed water system infrastructure, and related debt service payments.
- The increase in Convention, Sports and Entertainment Venues charges for services is primarily due to increased facilities rental of \$2,417 (11%), primarily due to an increase in the number of larger convention and trade shows with increased space utilization and increased duration. This increase also positively impacted food and beverage revenues, resulting in an increase in concession fees of \$1,487 (33%). The increase in activity in larger conventions and trade shows more than offset the decrease in other events, such as corporate events, consumer shows, sporting events, concerts, and meetings.

Transfers out of \$19,602 decreased by \$21,539 (52%) as discussed in the government-wide financial analysis of governmental activities.

Total expenses of \$532,124 increased \$21,407 (4%). The increase in expenses was primarily due to increases from the Electric Utility of \$16,609 (5%) and the Water Utility of \$6,538 (13%).

- The increase in the Electric Utility expenses is partly due to increased purchased power costs of \$6,613 (3%), primarily as a result of purchased power from the renewable market, as the City Council has committed to increase the amount of renewable energy in the resource mix to 20% by 2015. Additionally, depreciation expense increased by \$5,234 (17%), primarily due to \$46,602 of capital assets placed into service this fiscal year which included upgrading the Lewis substation extension, improvement of the existing distribution system, two underground projects, and upgrading the Anaheim West Tower office building. Additionally, the Electric Utility recognized a full year depreciation of assets placed into service in the prior fiscal year.
- The increase in the Water Utility expenses is primarily due to a \$4,669 (21%) increase in purchased water costs, as a result of higher per unit costs imposed by Metropolitan Water District (MWD) of Southern California, one of the two primary water supply sources for the Water Utility. During the 2010 fiscal year, MWD's per unit costs increased by 20%. In addition, the Water Utility's other water supply source, the Orange County Water District (OCWD), reduced its allowable Basin Pumping Percentage (BPP) from 69% to 64%, thus requiring the Water Utility to purchase more water from MWD at the higher cost.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported total ending fund balances of \$227,249, a decrease of \$26,762 in comparison with the prior fiscal year. Approximately 40% of the ending fund balances, \$91,471, constituted unreserved fund balances, which are considered available for appropriation in accordance with each fund's purpose. At June 30, 2010, unreserved fund balances totaled \$29,490 for the General Fund, \$33,302 for the Special Revenue Funds, \$156 for the Debt Service Funds and \$28,523 for the Capital Project

Funds. The remainder of the fund balances is reserved to indicate that it is restricted for specific capital project purposes (\$483) or that it is not available for new spending because it has already been committed 1) to pay debt service (\$69,043), 2) related to land held for resale by the Redevelopment Agency (\$46,055), and 3) to offset non-current financial resources that are not anticipated to be liquidated in the near term (\$20,197).

General Fund revenues were \$15,805 (6%) less than the prior fiscal year primarily due to a decrease in taxes of \$12,583 (6%). Due to the continued economic downturn, sales and use taxes decreased \$8,408 (15%) and transient occupancy taxes decreased \$2,916 (4%). Additionally, licenses, fees and permits decreased \$1,812 (10%) due to reduced development activity; intergovernmental revenues decreased \$2,422 (43%) primarily due to one-time revenue for landslide damages (\$1,528) received in prior year. General Fund expenditures decreased \$6,970 (3%) due to managed savings to mitigate the impact of revenue declines.

The Housing Authority Fund revenues increased by \$2,175 (3%). There were no significant or unusual changes in revenue. Housing Authority Fund expenditures decreased by \$5,272 (7%), primarily due to the following: 1) decreased U.S. Housing and Urban Development (HUD) Section 8 rental assistance in order to match rental subsidies to available funding from HUD, which resulted in an average of 296 fewer families assisted per month and reduced expenditures by approximately \$1,600, 2) decreased affordable housing projects and other refurbishment costs of \$1,471 due to one-time activities in the prior fiscal year, and 3) decreased debt service of \$1,652, primarily due to retirement of certain debt obligations in the prior fiscal year.

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

The Electric Utility's fund net assets increased \$3,033 (1%) in the current fiscal year. The most significant factors of the change in fund net assets are discussed in the government-wide financial analysis of business-type activities.

The Water Utility's fund net assets increased \$1,074 (less than 1%) in the current fiscal year. The most significant factors of the change in fund net assets are discussed in the government-wide financial analysis of business-type activities.

Sanitation's fund net assets increased \$5,614 (6%) in the current fiscal year. There were no significant or unusual changes.

The Golf Courses' fund net assets decreased \$73 (1%) in the fiscal current year. There were no significant or unusual changes.

The Convention, Sports and Entertainment Venues fund net assets decreased \$9,922 (3%) in the current fiscal year. The prolonged economic downturn has continued to result in a decrease of fund net assets despite the positive change in charges for services, as previously discussed in the government-wide financial analysis of business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year the original budget was amended to increase appropriations by \$1,038 (less than 1%). The increase in appropriations was primarily the result of the carryover of prior year appropriations amounting to \$1,016. These and other minor

amendments were approved during the year and were to be funded primarily from fund balance.

General Fund revenues of \$232,432 were less than budgeted revenues of \$245,327 by \$12,895 (5%), primarily due to the continued economic downturn, which significantly impacted sales and use taxes and transient occupancy taxes.

General Fund expenditures were less than budgeted. Of the total appropriations of \$255,384, approximately 4%, or \$9,622, went unspent. Expenditure reductions were managed to mitigate the impact of revenue declines. There were no unusual variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS
(net of accumulated depreciation)
JUNE 30, 2010 AND 2009

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
Land	\$ 606,985	\$ 587,767	\$ 58,369	\$ 58,369	\$ 665,354	\$ 646,136
Construction in Progress	55,550	22,079	81,286	64,802	136,836	86,881
Buildings, structures and improvements	206,633	208,716	387,165	391,492	593,798	600,208
Utility plant			952,003	940,286	952,003	940,286
Machinery and equipment	35,891	44,760	12,028	10,164	47,919	54,924
Infrastructure	418,842	427,450			418,842	427,450
Total	\$1,323,901	\$1,290,772	\$1,490,851	\$1,465,113	\$2,814,752	\$2,755,885

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2010, amounted to \$2,814,752 (net of accumulated depreciation). This investment in capital assets included land, construction in progress, buildings, structures and improvements, utility plant, machinery and equipment, and infrastructure. The total increase over the prior fiscal year was 2%, of which governmental activities increased 3% and business-type activities increased 2%. The increase in governmental activities is primarily due to the addition of the Family Justice Center, developments in Magnolia Park, Pioneer Park and Colony Park undergrounding, infrastructure, and right-of-way acquisitions for street-widening projects. The increase in business-type activities is primarily due to

1) the increase in the Water Utility of \$15,397 (6%) for expansion and refurbishment of water transmission and distribution infrastructure and wells and 2) the increase in the Electric Utility of \$15,911 (2%), which includes construction of the expansion or improvement of existing substations, transmission and distribution system improvements, and the replacement of aging overhead electrical lines with underground facilities and upgrading of the Anaheim West Tower office building.

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

**LONG-TERM LIABILITIES
JUNE 30, 2010 AND 2009**

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 4,255	\$ 4,750			\$ 4,255	\$ 4,750
Revenue bonds	605,252	600,064	\$805,925	\$829,707	1,411,177	1,429,771
Tax allocation bonds	200,997	200,254			200,997	200,254
Certificates of participation	12,990	13,840	38,000	38,000	50,990	51,840
Capital lease obligations	2,605	1,235			2,605	1,235
Notes and loans payable	29,094	24,621	11,379	12,299	40,473	36,920
Self-insurance	37,756	33,988			37,756	33,988
Compensated absences	20,037	18,695			20,037	18,695
Pollution remediation obligation	1,879	4,213			1,879	4,213
Decommissioning provision			123,893	117,085	123,893	117,085
Total	<u>\$914,865</u>	<u>\$901,660</u>	<u>\$979,197</u>	<u>\$997,091</u>	<u>\$1,894,062</u>	<u>\$1,898,751</u>

Long-term liabilities. The City’s outstanding long-term liabilities, including bonds, certificates of participation, capital leases, notes and loans payable, self-insurance, compensated absences, pollution remediation obligation, and the provision for decommissioning costs totaled \$1,894,062 at June 30, 2010. Of this total, \$914,865 (48%) was in governmental activities and \$979,197 (52%) was in business-type activities. The City’s outstanding long-term liabilities decreased \$4,689 (less than 1%) in fiscal year 2010. There were no significant or unusual changes during the year.

Additional information on the City’s long-term liabilities can be found in notes 6, 7, and 9 of the notes to the financial statements, on pages 54-63, and 64 of this report.

ECONOMIC FACTORS

- The unemployment rate in the Orange County, California area for June 2010 was 9.5%, which is the same as national (9.5%) average, but remains below the state (12.3%) average.
- For the 2011 fiscal year, the City appropriated \$261,478 in estimated available resources of \$274,778 for General Fund for spending. This leaves approximately \$13,300 in estimated available reserves, which is 5% of

General Fund appropriations. While this is less than the City’s long-standing policy of reserves of at least 7% to 10% of annual appropriations, the City has relied strategically on reserves over the last several fiscal years in order to minimize negative impacts to service during the economic downturn.

- The City annually reviews all of its fees as part of the budget adoption process. Developer, construction, and other fees applicable to residents and developers doing business with the City are adjusted in June of each year, generally by the average of Consumer Price Index (CPI). Although CPI for 12 months was 1.8 in January 2010, most fees were not increased.

REQUESTS FOR INFORMATION

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



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BASIC FINANCIAL STATEMENTS



Statement of Net Assets

June 30, 2010 (In thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 63,848	\$ 45,101	\$ 108,949
Investments	129,815	91,869	221,684
Accounts receivable, net	13,924	52,680	66,604
Accrued interest receivable	991	2,610	3,601
Internal balances, net	16,357	(16,357)	
Due from other governments	55,072		55,072
Notes receivable, net	59,104		59,104
Inventories	975		11,058
Land held for resale, net	46,055	10,083	46,055
Prepaid and other assets	4,604	46,471	51,075
Restricted cash and cash equivalents	31,934	65,797	97,731
Restricted investments	34,792	218,510	253,302
Unamortized debt issuance costs	7,759	7,994	15,753
Bond payment receivable		12,225	12,225
Pipeline receivable		133	133
Net other post-employment benefits (OPEB) asset	9,495		9,495
Capital assets, net:			
Nondepreciable	662,535	139,655	802,190
Depreciable	661,366	1,351,196	2,012,562
Total assets	<u>1,798,626</u>	<u>2,027,967</u>	<u>3,826,593</u>
LIABILITIES			
Accounts payable	25,875	34,832	60,707
Wages payable	8,767	1,960	10,727
Due to other governments	833		833
Interest payable	13,886	10,817	24,703
Arbitrage rebate liability		348	348
Deposits	5,223	7,019	12,242
Regulatory credits		50,867	50,867
Unearned revenues	4,131	554	4,685
Long-term liabilities:			
Due within one year	38,892	27,191	66,083
Due in more than one year	875,973	952,006	1,827,979
Total liabilities	<u>973,580</u>	<u>1,085,594</u>	<u>2,059,174</u>
NET ASSETS			
Invested in capital assets, net of related debt	795,579	762,236	1,557,815
Restricted for:			
Debt service	4,339	15,298	19,637
Capital projects	37,606	31,110	68,716
Community development	61,126		61,126
Streets and roads	34,036		34,036
Other purposes	13,643	2,917	16,560
Unrestricted (deficit)	(121,283)	130,812	9,529
Total net assets	<u>\$ 825,046</u>	<u>\$ 942,373</u>	<u>\$1,767,419</u>

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



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Statement of Activities
Year Ended June 30, 2010 (In thousands)

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General government	\$ 23,598	\$(12,681)	\$ 1,708	\$ 387		\$ (8,822)		\$ (8,822)
Police	121,784	3,337	10,127	9,533		(105,461)		(105,461)
Fire	57,682	547	9,369	960		(47,900)		(47,900)
Community Development	116,665	956	7,306	92,881		(17,434)		(17,434)
Planning	15,637	1,185	6,453	1,595		(8,774)		(8,774)
Public Works	38,819	198	7,619	13,730	\$22,956	5,288		5,288
Community Services	34,632	740	4,561	1,814	7,079	(21,918)		(21,918)
Public Utilities	1,952					(1,952)		(1,952)
Convention, Sports and Entertainment	9,652	279	202		1,793	(7,936)		(7,936)
Interest on long-term debt	47,694					(47,694)		(47,694)
Total governmental activities	<u>468,115</u>	<u>(5,439)</u>	<u>47,345</u>	<u>120,900</u>	<u>31,828</u>	<u>(262,603)</u>		<u>(262,603)</u>
Business-type activities:								
Electric Utility	372,696	2,795	377,387	651	4,351		\$ 6,898	6,898
Water Utility	54,631	883	56,368	308	713		1,875	1,875
Sanitation	50,122	418	56,023	277			5,760	5,760
Golf Courses	4,244	192	5,168				732	732
Convention, Sports and Entertainment Venues	44,992	1,151	30,797	754	558		(14,034)	(14,034)
Total business-type activities	<u>526,685</u>	<u>5,439</u>	<u>525,743</u>	<u>1,990</u>	<u>5,622</u>		<u>1,231</u>	<u>1,231</u>
Total government	<u>\$994,800</u>	<u>\$</u>	<u>\$573,088</u>	<u>\$122,890</u>	<u>\$37,450</u>	<u>(262,603)</u>	<u>1,231</u>	<u>(261,372)</u>
General revenues:								
Taxes:								
Property taxes						107,420		107,420
Sales and use taxes						52,045		52,045
Transient occupancy taxes						77,139		77,139
Motor vehicle license fees						1,026		1,026
Other taxes						7,288		7,288
Unrestricted investment earnings						7,012	15,825	22,837
Other						1,175		1,175
Transfers						19,602	(19,602)	
Total general revenues and transfers						<u>272,707</u>	<u>(3,777)</u>	<u>268,930</u>
Change in net assets						10,104	(2,546)	7,558
Net assets at beginning of year						<u>814,942</u>	<u>944,919</u>	<u>1,759,861</u>
Net assets at end of year						<u>\$ 825,046</u>	<u>\$942,373</u>	<u>\$1,767,419</u>

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



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Balance Sheet

Governmental Funds

June 30, 2010 (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,354	\$ 3,193	\$ 24,947	\$ 37,494
Investments	19,019	6,491	50,723	76,233
Accounts receivable, net	9,500	23	948	10,471
Accrued interest receivable	77	62	444	583
Notes receivable	3,621	21,892	38,317	63,830
Due from other funds	4,181	1,830	23,569	29,580
Due from other governments	12,938	175	41,959	55,072
Inventories	252			252
Land held for resale, net			46,055	46,055
Prepaid and other assets	206		4,335	4,541
Restricted cash and cash equivalents		3,715	27,826	31,541
Restricted investments			34,792	34,792
Total assets	<u>\$59,148</u>	<u>\$37,381</u>	<u>\$293,915</u>	<u>\$390,444</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,908	\$ 518	\$ 14,698	\$ 20,124
Wages payable	4,643	114	504	5,261
Deposits	4,025	95	1,103	5,223
Due to other funds	99		25,414	25,513
Due to other governments	79	754		833
Deferred revenues	11,812	22,924	71,505	106,241
Total liabilities	<u>25,566</u>	<u>24,405</u>	<u>113,224</u>	<u>163,195</u>
Fund balances:				
Reserved for noncurrent due from other funds	3,634	1,373	10,397	15,404
Reserved for inventories	252			252
Reserved for debt service			69,043	69,043
Reserved for land held for resale			46,055	46,055
Reserved for prepaid and other assets	206		4,335	4,541
Reserved for grant purposes			483	483
Unreserved - designated for debt service, reported in:				
Debt Service Funds			156	156
Unreserved - designated for capital projects, reported in:				
Special Revenue Funds			6,820	6,820
Capital Projects Funds			31,899	31,899
Unreserved - undesignated, reported in:				
General Fund	29,490			29,490
Special Revenue Funds		11,603	14,879	26,482
Capital Projects Funds			(3,376)	(3,376)
Total fund balances	<u>33,582</u>	<u>12,976</u>	<u>180,691</u>	<u>227,249</u>
Total liabilities and fund balances	<u>\$59,148</u>	<u>\$37,381</u>	<u>\$293,915</u>	<u>\$390,444</u>

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2010 (In thousands)

Total fund balances - governmental funds		\$ 227,249
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in the operation of governmental funds are not current financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	\$ 606,985	
Construction in progress	55,550	
Buildings, structures and improvements	312,669	
Machinery and equipment	48,118	
Infrastructure	719,910	
Accumulated depreciation	<u>(439,979)</u>	
Total capital assets, net		1,303,253
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		98,466
Unamortized debt issuance costs are not current financial resources and, therefore, are not reported in the funds.		7,756
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		57,639
Compensated absences, not otherwise included in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds.		(257)
Long-term liabilities of governmental funds, including bonds, certificates of participation, notes and loans payable (\$855,185), and accrued interest payable (\$13,875), are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(869,060)</u>
Net assets of governmental activities		<u>\$ 825,046</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2010 (In thousands)

	<u>General</u>	<u>Housing Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 59,017		\$ 52,821	\$111,838
Sales and use taxes	49,041			49,041
Transient occupancy taxes	77,139			77,139
Other taxes	6,303			6,303
Licenses, fees and permits	16,352	\$ 69	5,159	21,580
Intergovernmental revenues	3,164	73,866	63,557	140,587
Charges for services	13,789		144	13,933
Fines, forfeits and penalties	3,255			3,255
Use of money and property	3,540	472	6,224	10,236
Other	832	2,091	1,086	4,009
Total revenues	<u>232,432</u>	<u>76,498</u>	<u>128,991</u>	<u>437,921</u>
Expenditures:				
Current:				
City Council	225			225
City Administration	2,212			2,212
City Attorney	5,606		120	5,726
City Clerk	659			659
Human Resources	1,099			1,099
Finance	3,930		55	3,985
City Treasurer	1,916			1,916
Police	108,371		7,008	115,379
Fire	54,839		874	55,713
Community Development	204	70,648	55,738	126,590
Planning	13,529		1,644	15,173
Public Works	14,035		5,922	19,957
Community Services	29,441		1,870	31,311
Public Utilities	1,939			1,939
Convention, Sports and Entertainment	6,369			6,369
Capital outlay	563		61,859	62,422
Debt service:				
Principal retirement	810	234	11,733	12,777
Interest charges	15	155	33,339	33,509
Total expenditures	<u>245,762</u>	<u>71,037</u>	<u>180,162</u>	<u>496,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,330)</u>	<u>5,461</u>	<u>(51,171)</u>	<u>(59,040)</u>
Other financing sources (uses):				
Transfers in	27,211	16	56,271	83,498
Transfers out	(32,558)		(27,412)	(59,970)
Issuance of loan payable			8,000	8,000
Claims settlement proceeds			750	750
Total other financing sources (uses)	<u>(5,347)</u>	<u>16</u>	<u>37,609</u>	<u>32,278</u>
Net change in fund balances	<u>(18,677)</u>	<u>5,477</u>	<u>(13,562)</u>	<u>(26,762)</u>
Fund balances at beginning of year	52,259	7,499	194,253	254,011
Fund balances at end of year	<u>\$ 33,582</u>	<u>\$12,976</u>	<u>\$180,691</u>	<u>\$227,249</u>

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2010 (In thousands)

Net change in fund balances - total governmental funds	\$(26,762)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$62,422) exceeded depreciation (\$29,511) in the current period.	32,911
Transfers of capital assets between governmental funds and proprietary funds do not require the use of financial resources and are not reported as transfers in the funds.	(84)
The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements and donations) is to increase net assets.	5,774
Revenues in the Statement of Activities do not provide current financial resources and are not reported as revenues in governmental funds.	6,246
Proceeds from long-term debt provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities in the Statement of Net Assets.	(8,000)
Payments of principal on long-term debt use current financial resources in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets.	12,777
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(4,120)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The net expense of the internal service funds is reported with governmental activities.	<u>(8,638)</u>
Change in net assets of governmental activities	<u>\$ 10,104</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year Ended June 30, 2010 (In thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 59,374	\$ 59,374	\$ 59,017	\$ (357)
Sales and use taxes	58,731	58,731	49,041	(9,690)
Transient occupancy taxes	79,632	79,632	77,139	(2,493)
Other taxes	6,850	6,850	6,303	(547)
Licenses, fees and permits	17,574	17,574	16,352	(1,222)
Intergovernmental revenues	3,069	3,069	3,164	95
Charges for services	12,956	12,956	13,789	833
Fines, forfeits and penalties	3,696	3,696	3,255	(441)
Use of money and property	2,732	2,732	3,540	808
Other	656	713	832	119
Total revenues	<u>245,270</u>	<u>245,327</u>	<u>232,432</u>	<u>(12,895)</u>
Expenditures:				
City Council	399	399	225	(174)
City Administration	2,858	2,865	2,219	(646)
City Attorney	5,644	5,668	5,606	(62)
City Clerk	772	774	659	(115)
Human Resources	1,198	1,198	1,099	(99)
Finance	4,054	4,025	3,930	(95)
City Treasurer	1,996	1,996	1,916	(80)
Police	110,158	110,190	109,218	(972)
Fire	54,725	55,180	54,839	(341)
Community Development	232	232	204	(28)
Planning	14,264	14,185	13,560	(625)
Public Works	16,971	17,265	14,522	(2,743)
Community Services	32,019	32,348	29,457	(2,891)
Public Utilities	1,973	1,976	1,939	(37)
Convention, Sports and Entertainment	7,083	7,083	6,369	(714)
Total expenditures	<u>254,346</u>	<u>255,384</u>	<u>245,762</u>	<u>(9,622)</u>
Deficiency of revenues under expenditures	<u>(9,076)</u>	<u>(10,057)</u>	<u>(13,330)</u>	<u>(3,273)</u>
Other financing sources (uses):				
Transfers in	31,756	31,756	27,211	(4,545)
Transfers out	<u>(35,831)</u>	<u>(35,831)</u>	<u>(32,558)</u>	<u>3,273</u>
Total other financing uses	<u>(4,075)</u>	<u>(4,075)</u>	<u>(5,347)</u>	<u>(1,272)</u>
Net change in fund balance	(13,151)	(14,132)	(18,677)	(4,545)
Fund balance at beginning of year	<u>52,259</u>	<u>52,259</u>	<u>52,259</u>	
Fund balance at end of year	<u>\$ 39,108</u>	<u>\$ 38,127</u>	<u>\$ 33,582</u>	<u>\$ (4,545)</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Housing Authority
Year Ended June 30, 2010 (In thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Licenses, fees and permits	\$ 100	\$ 100	\$ 69	\$ (31)
Intergovernmental revenues	72,039	71,919	73,866	1,947
Use of money and property	232	232	472	240
Other	<u>1,675</u>	<u>1,675</u>	<u>2,091</u>	<u>416</u>
Total revenues	<u>74,046</u>	<u>73,926</u>	<u>76,498</u>	<u>2,572</u>
Expenditures:				
Community Development	<u>72,584</u>	<u>74,145</u>	<u>71,037</u>	<u>(3,108)</u>
Total expenditures	<u>72,584</u>	<u>74,145</u>	<u>71,037</u>	<u>(3,108)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,462</u>	<u>(219)</u>	<u>5,461</u>	<u>5,680</u>
Other financing sources (uses):				
Transfers in	1,006	1,006	16	(990)
Issuance of notes payable	<u>380</u>	<u>380</u>	<u> </u>	<u>(380)</u>
Total other financing sources	<u>1,386</u>	<u>1,386</u>	<u>16</u>	<u>(1,370)</u>
Net change in fund balance	2,848	1,167	5,477	4,310
Fund balance at beginning of year	<u>7,499</u>	<u>7,499</u>	<u>7,499</u>	<u> </u>
Fund balance at end of year	<u>\$10,347</u>	<u>\$ 8,666</u>	<u>\$12,976</u>	<u>\$ 4,310</u>

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

Statement of Fund Net Assets
Proprietary Funds
June 30, 2010 (In thousands)

	Business-type Activities – Enterprise Funds					Total	Governmental Activities – Internal Service Funds
	Electric Utility	Water Utility	Sanitation	Golf Courses	Convention, Sports and Entertainment Venues		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 17,463	\$ 7,227	\$ 12,052	\$ 94	\$ 8,265	\$ 45,101	\$ 26,354
Investments	35,504	14,692	24,678	191	16,804	91,869	53,582
Restricted cash and cash equivalents	15,208	1,524	31,412		1,263	49,407	
Restricted investments	8,394	1,048				9,442	
Accounts receivable, net	35,780	6,747	6,887	91	3,175	52,680	2,847
Accrued interest receivable	1,873	180	245	1	311	2,610	408
Interfund receivable		15				15	15
Inventories	9,708	371			4	10,083	723
Bond payment receivable					1,780	1,780	
Prepaid and other assets	134	1,181			1	1,316	63
Total current assets	<u>124,064</u>	<u>32,985</u>	<u>75,274</u>	<u>377</u>	<u>31,603</u>	<u>264,303</u>	<u>83,992</u>
Noncurrent assets:							
Restricted cash and cash equivalents, less current portion	10,961	1,099			4,330	16,390	393
Restricted investments, less current portion	195,423	7,155			6,490	209,068	
Unamortized debt issuance costs	6,284	402	443		865	7,994	3
Bond payment receivable, less current portion					10,445	10,445	
Pipeline receivable		133				133	
Accounts receivable, less current portion							606
Interfund receivable, less current portion							84
Prepaid and other assets, less current portion	45,155					45,155	
Net other post-employment benefits (OPEB) asset							9,495
Capital assets:							
Land	35,671	2,298	316	1,949	18,135	58,369	
Buildings, structures and improvements			74,036	16,632	482,929	573,597	6,679
Utility plant	1,035,964	335,394				1,371,358	
Machinery and equipment			6,855	983	22,866	30,704	56,517
Construction in progress	40,508	36,413	3,192	58	1,115	81,286	
Total Capital assets	<u>1,112,143</u>	<u>374,105</u>	<u>84,399</u>	<u>19,622</u>	<u>525,045</u>	<u>2,115,314</u>	<u>63,196</u>
Less accumulated depreciation	<u>(319,103)</u>	<u>(100,252)</u>	<u>(6,739)</u>	<u>(8,921)</u>	<u>(189,448)</u>	<u>(624,463)</u>	<u>(42,548)</u>
Capital assets, net	<u>793,040</u>	<u>273,853</u>	<u>77,660</u>	<u>10,701</u>	<u>335,597</u>	<u>1,490,851</u>	<u>20,648</u>
Total noncurrent assets	<u>1,050,863</u>	<u>282,642</u>	<u>78,103</u>	<u>10,701</u>	<u>357,727</u>	<u>1,780,036</u>	<u>31,229</u>
Total assets	<u>1,174,927</u>	<u>315,627</u>	<u>153,377</u>	<u>11,078</u>	<u>389,330</u>	<u>2,044,339</u>	<u>115,221</u>

(continued)

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

Year Ended June 30, 2010 (In thousands)

	Business-type Activities – Enterprise Funds					Total	Governmental Activities – Internal Service Funds
	Electric Utility	Water Utility	Sanitation	Golf Courses	Convention, Sports and Entertainment Venues		
Operating revenues:							
Sales of light and power	\$352,072					\$352,072	
Transmission revenues	22,532					22,532	
Sales of water		\$ 55,749				55,749	
Solid waste collection fees			\$ 40,156			40,156	
Wastewater fees			11,343			11,343	
Street cleaning fees			3,168			3,168	
Green fees and cart rentals				\$4,822		4,822	
Facilities rental					\$ 23,558	23,558	
Concession fees				130	5,995	6,125	
Other	2,783	619	1,356	216	1,244	6,218	\$157,963
Total operating revenues	<u>377,387</u>	<u>56,368</u>	<u>56,023</u>	<u>5,168</u>	<u>30,797</u>	<u>525,743</u>	<u>157,963</u>
Operating expenses:							
Cost of purchased power	236,208					236,208	
Fuel and generation of power	26,981					26,981	
Cost of purchased water		27,227				27,227	
Treatment and pumping of water		6,448				6,448	
Maintenance, operations and administration	45,923	11,556	46,260	3,756	26,929	134,424	36,147
Insurance premiums and claims							12,696
Compensated absences and other benefits							112,583
Depreciation and amortization	35,926	8,103	2,198	581	12,540	59,348	5,472
Total operating expenses	<u>345,038</u>	<u>53,334</u>	<u>48,458</u>	<u>4,337</u>	<u>39,469</u>	<u>490,636</u>	<u>166,898</u>
Operating income (loss)	<u>32,349</u>	<u>3,034</u>	<u>7,565</u>	<u>831</u>	<u>(8,672)</u>	<u>35,107</u>	<u>(8,935)</u>
Nonoperating income (expenses):							
Intergovernmental revenues	651	308	277			1,236	
Interest income	12,326	1,111	1,212	3	1,173	15,825	1,851
Debt service recovery					754	754	
Interest expense	(29,243)	(1,746)	(1,831)	(82)	(6,311)	(39,213)	(128)
Gain (loss) from disposal of capital assets					(3)	(3)	144
Total nonoperating income (expenses)	<u>(16,266)</u>	<u>(327)</u>	<u>(342)</u>	<u>(79)</u>	<u>(4,387)</u>	<u>(21,401)</u>	<u>1,867</u>
Income (loss) before contributions and transfers	16,083	2,707	7,223	752	(13,059)	13,706	(7,068)
Capital contributions	4,351	713	57		558	5,679	27
Transfers in	1,276	963	1,809		2,579	6,627	1,446
Transfers out	(18,677)	(3,309)	(3,475)	(825)		(26,286)	(5,315)
Change in fund net assets	3,033	1,074	5,614	(73)	(9,922)	(274)	(10,910)
Fund net assets at beginning of year	<u>320,118</u>	<u>232,170</u>	<u>94,455</u>	<u>6,803</u>	<u>301,292</u>		<u>56,358</u>
Fund net assets at end of year	<u>\$323,151</u>	<u>\$233,244</u>	<u>\$100,069</u>	<u>\$6,730</u>	<u>\$291,370</u>		<u>\$ 45,448</u>
						(2,272)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							
Change in net assets of business-type activities						<u>\$ (2,546)</u>	

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2010 (In thousands)

	Business-type Activities – Enterprise Funds						Governmental Activities – Internal Service Funds
	Electric Utility	Water Utility	Sanitation	Golf Courses	Convention, Sports and Entertainment Venues	Total	
Cash flows from operating activities:							
Receipts from customers and users	\$ 368,136	\$ 54,545	\$ 54,892	\$ 4,990	\$ 29,418	\$ 511,981	
Receipts from interfund services provided	991	311	6			1,308	\$ 157,906
Payments to suppliers	(252,550)	(28,974)	(37,333)	(2,936)	(7,626)	(329,419)	(22,995)
Payments for salaries, wages and other benefits	(37,013)	(12,616)	(6,796)	(592)	(16,709)	(73,726)	(122,790)
Payments for interfund services used	(10,826)	(4,412)	(3,218)	(275)	(2,906)	(21,637)	(2,990)
Payments for insurance premiums and claims							(10,005)
Other receipts			1,350	216		1,566	22
Net cash provided by (used in) operating activities	<u>68,738</u>	<u>8,854</u>	<u>8,901</u>	<u>1,403</u>	<u>2,177</u>	<u>90,073</u>	<u>(852)</u>
Cash flows from noncapital financing activities:							
Receipt of interfund balances	200				4,745	4,945	
Payment of interfund balances							(16)
Transfers in					2,579	2,579	50
Transfers out	(18,677)	(3,130)	(3,475)	(825)		(26,107)	(50)
Operating grant receipts	651	308	277			1,236	
Net cash provided by (used in) noncapital financing activities	<u>(17,826)</u>	<u>(2,822)</u>	<u>(3,198)</u>	<u>(825)</u>	<u>7,324</u>	<u>(17,347)</u>	<u>(16)</u>
Cash flows from capital and related financing activities:							
Proceeds from sale of capital assets							253
Capital contributions	2,981					2,981	
Capital purchases	(47,483)	(20,948)	(5,451)	(55)	(1,489)	(75,426)	(1,572)
Principal payments on long-term debt	(15,995)	(2,452)	(775)		(6,205)	(25,427)	(1,047)
Interest payments	(31,840)	(2,900)	(2,223)	(82)	(5,543)	(42,588)	(87)
Debt service recovery					2,436	2,436	
Payment of interfund balances for capital purposes				(466)		(466)	
Transfers in for capital purposes	50	239				289	
Transfers out for capital purposes		(50)				(50)	
Net cash used in capital and related financing activities	<u>(92,287)</u>	<u>(26,111)</u>	<u>(8,449)</u>	<u>(603)</u>	<u>(10,801)</u>	<u>(138,251)</u>	<u>(2,453)</u>
Cash flows from investing activities:							
Purchase of investment securities	(76,645)	(1,188)	(16,351)	(74)	(7,558)	(101,816)	(24,860)
Proceeds from sale and maturity of investment securities	117,121	21,031	16,133	125	10,986	165,396	35,159
Interest received	9,940	984	939		945	12,808	1,350
Collection of note receivable		77				77	
Net cash provided by investing activities	<u>50,416</u>	<u>20,904</u>	<u>721</u>	<u>51</u>	<u>4,373</u>	<u>76,465</u>	<u>11,649</u>
Increase (decrease) in cash and cash equivalents	9,041	825	(2,025)	26	3,073	10,940	8,328
Cash and cash equivalents at beginning of the year	34,591	9,025	45,489	68	10,785	99,958	18,419
Cash and cash equivalents at end of the year	<u>\$ 43,632</u>	<u>\$ 9,850</u>	<u>\$ 43,464</u>	<u>\$ 94</u>	<u>\$ 13,858</u>	<u>\$ 110,898</u>	<u>\$ 26,747</u>

(continued)

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2010 (In thousands) (continued)

	Business-type Activities – Enterprise Funds					Total	Governmental Activities – Internal Service Funds
	Electric Utility	Water Utility	Sanitation	Golf Courses	Convention, Sports and Entertainment Venues		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 32,349	\$ 3,034	\$ 7,565	\$ 831	\$ (8,672)	\$ 35,107	\$ (8,935)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	35,926	8,103	2,198	581	12,540	59,348	5,472
Increase in provision for decommissioning costs	6,808					6,808	
Changes in assets and liabilities:							
Accounts receivable	1,721	(259)	228	40	(1,667)	63	(458)
Inventories	393	(51)			(1)	341	(66)
Prepaid and other assets	(4,076)	(62)	(3)	(2)	52	(4,091)	10
Accounts payable	5,537	(702)	(1,094)	(47)	(336)	3,358	(227)
Wages payable	61	44	7		25	137	(396)
Unearned revenues					236	236	108
Compensated absences, OPEB and self-insurance liability							3,640
Deposits	(436)	(33)				(469)	
Regulatory credits	(9,545)	(1,220)				(10,765)	
Total adjustments	36,389	5,820	1,336	572	10,849	54,966	8,083
Net cash provided by (used in) operating activities	\$ 68,738	\$ 8,854	\$ 8,901	\$ 1,403	\$ 2,177	\$ 90,073	\$ (852)
Schedule of noncash investing, capital and noncapital financing activities:							
Capital assets financed through capital leases							\$ 2,379
Capital contributions	\$ 1,370	\$ 459	\$ 57		\$ 558	\$ 2,444	
Transfers out of capital assets	1,226	834	1,809			3,869	(3,869)
Increase in fair value of investments	3,097	160	376	\$ 3	220	3,856	597
Reconciliation of cash and cash equivalents:							
Cash and cash equivalents	\$ 17,463	\$ 7,227	\$ 12,052	\$ 94	\$ 8,265	\$ 45,101	\$ 26,354
Restricted cash and cash equivalents, current portion	15,208	1,524	31,412		1,263	49,407	
Restricted cash and cash equivalents, noncurrent portion	10,961	1,099			4,330	16,390	393
Total cash and cash equivalents	\$ 43,632	\$ 9,850	\$ 43,464	\$ 94	\$ 13,858	\$ 110,898	\$ 26,747

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



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Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010 (In thousands)

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Restricted cash and cash equivalents	\$264	\$3,912
Restricted investment	537	678
Accrued interest receivable	5	
Due from other governments		54
Total assets	<u>\$806</u>	<u>\$4,644</u>
LIABILITIES		
Due to bond holders		<u>\$4,644</u>
NET ASSETS		
Held in trust for pool participants	<u>\$806</u>	

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



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Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2010 (In thousands)

	<u>Investment Trust Funds</u>
ADDITIONS	
Contributions to pooled investments	\$1,560
Interest and investment income	<u>22</u>
Total additions	<u>1,582</u>
DEDUCTIONS	
Distribution from pool investments	<u>(776)</u>
Total deductions	<u>(776)</u>
Net increase in net assets	806
Net assets held in trust for pool participants at beginning of year	<u> </u>
Net assets held in trust for pool participants at end of year	<u>\$ 806</u>

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



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Notes to Financial Statements

(Amounts in thousands)

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial reporting entity

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

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

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

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

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

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

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

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

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

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

New Accounting Pronouncements

On July 1, 2009, the City adopted the following new accounting pronouncements issued by the GASB:

- Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires the City to report intangible assets as part of the capital assets. Implementation of this Statement had no material effect on amounts reported in the City's financial statements for the fiscal year ended June 30, 2010.
- Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement requires the City to report its derivative instruments at fair value. Changes in fair value for effective hedges are to be reported as deferrals on the Balance Sheet, changes in fair value of derivative instruments not meeting the criteria for an effective hedge, or that are associated with investments are to be reported in the investment section of the Statement of Revenue, Expenses and Changes in Fund Net Assets. Implementation of this statement had no material effect on amounts reported in the City's financial statements for the fiscal year ended June 30, 2010.

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes new categories for reporting fund balance information by identifying amounts that is considered *nonspendable, restricted, committed, assigned and unassigned* based on the relative strength of the constraints that control how specific amounts can be spent. This Statement also revises the definitions for governmental fund types to clarity and consistency. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

The City has elected not to early implement GASB No. 54 and has not determined its effects on the City's financial statements.

Basic financial statements

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

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

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

The government-wide Statement of Net Assets reports all financial and capital resources of the City (excluding fiduciary funds). It is displayed in a format of assets less liabilities equal net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt represents capital assets net of accumulated depreciation which is reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

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

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

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

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

Measurement focus and basis of accounting

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

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

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial

statements, but are included in the fund columns in the proprietary funds financial statements. The net costs of the internal service funds are also partially allocated to the business-type activities column on the government-wide financial statements. A reconciliation of the total enterprise funds on the fund financial statements to the business-type activities column on the government-wide financial statements is provided on the face of the fund financial statements.

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

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

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

The Electric and Water Utility funds follow the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (Electric Utility) and the California Public Utilities Commission (Water Utility). The utilities are not subject to the regulations of these commissions.

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

demand. The City also maintains an agency fund to account for the monies collected and paid on behalf of the Mello-Roos Districts located in the City.

Cash and investments

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

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

Notes receivable

In the government-wide financial statements, notes receivable of \$59,104 includes accrued interest receivable of \$13,831, ranging from 3% to 10% interest per annum, and is net of allowances of \$18,557 for uncollectible accounts at June 30, 2010. Allowances for uncollectible accounts were estimated based on certain assumptions; therefore, actual results could differ from the estimates.

In the governmental funds financial statements, due to the extended period of time over which notes receivable are to be collected and the contingent nature of certain sources of repayment, the City has generally not recorded the related accrued interest and has recorded deferred revenue equal to the outstanding principal balance of the notes receivable.

Inventories

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

Prepaid and other assets

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

Land held for resale

The Redevelopment Agency has acquired parcels of land as part of their primary purpose to develop or redevelop blighted areas. The Redevelopment Agency records these parcels as land held for resale in their financial records. The properties held for resale are recorded at the lower of cost or estimated net realizable value. At June 30, 2010, land held for resale with a cost of \$80,937 was recorded net of the allowance for decline in value of \$34,882 and totaled \$46,055, with this amount offset by a reservation of fund balance in the governmental funds financial statements.

Restricted assets

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

Capital assets

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

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

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for proprietary funds. For the year ended June 30, 2010, business-type activities capitalized net interest costs of \$3,358 in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was \$42,571.

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

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

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

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

Debt costs

Debt issuance costs in the amount of \$15,753 are included in assets at June 30, 2010. Unamortized discounts, consisting of refunding costs of \$18,500 reduced by premiums net of discounts of \$11,164, are reflected in net long-term obligations. Both debt issuance costs and premiums net of discounts are amortized over the life of the related bond issue using the effective interest method. Refunding costs are amortized over the life of the new bond or the life of the old bond, whichever is shorter, using the effective interest method.

Accretion

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

Regulatory credits

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

The Electric Utility obtained City Council approval to apply a PCA rate to all retail kilowatt/hour (kWh) sales of electricity, except residential lifeline usage, beginning April 1, 2001. In addition, the City Council granted the Electric Utility the authority to implement PCA adjustments subsequent to April 1, 2001 in accordance with the PCA, as defined in the Electric Utility's Rates, Rules, and Regulations. Since inception, the Electric Utility has collected \$133,183 in regulatory credits. As of August 1, 2009, the PCA rate was changed from \$0.0099 to \$0.0149 per kWh for all domestic retail customers, excluding residential lifeline customers, and from \$0.0065 to \$0.0115 per kWh for all nondomestic retail customers. As February 1, 2010, all the PCA rates were moved to base rate. At June 30, 2010, the liability recorded for regulatory credits related to PCA totaled \$38,483 for the Electric Utility.

The Electric Utility obtained City Council approval to apply an EMA rate to all domestic retail kWh sales of electricity on January 13, 2009. The City Council also granted the Electric Utility the authority to implement EMA adjustments beginning April 20, 2009 in accordance with the EMA, as defined in the Electric Utility's Rates, Rules, and Regulations. Since inception, the Electric Utility has collected \$6,447 in regulatory credits. As of April 20, 2010, the EMA rate was changed from \$0.0050 to \$0.0100 per kWh for all domestic customers, and \$0.0050 for all other customers. At June 30, 2010, the liability recorded for regulatory credits related to EMA totaled \$6,447 for the Electric Utility.

The Water Utility's rates, rules and regulations provide for a water regulatory credit account to reflect variations in the cost of water to the Water Utility and provide more stable retail water rates to the customers of the City's Water Utility. This stabilization account provides increased flexibility by allowing the Water Utility to maintain financial performance indicators and goals specified in bond covenants. The account is funded through expense reimbursements such as water supply cost refunds

received from the Metropolitan Water District and Orange County Water District and other miscellaneous credits and revenue. At June 30, 2010 the liability recorded for regulatory credits totaled \$5,937 for the Water Utility.

Deferred revenues

Deferred revenues arise in governmental funds when revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise, in both governmental and proprietary funds, when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures/expenses (unearned). In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. Deferred revenues in the governmental funds amounted to \$106,241 at June 30, 2010. Of this amount, \$63,830 represents notes receivable that did not meet the available criterion, \$39,362 represents various other revenues that did not meet the available criterion, and \$3,049 represents resources for which the City did not have legal claim.

Compensated absences

Compensated absences, vacation and sick pay, for all City employees are generally paid by the General Benefits and Insurance Fund, an internal service fund. The General Benefits and Insurance Fund is reimbursed through payroll charges to all other funds based on estimates of benefits to be earned and used during the fiscal year. It is the policy of the City to pay all accumulated vacation pay when an employee retires or terminates. Accumulated sick pay in excess of 175 hours per employee is paid to employees at their then current rate of pay in January each year or upon termination from the City. Employees are paid for all accumulated sick pay when they retire from the City. Vested vacation and sick pay benefits are accrued when incurred in the General Benefits and Insurance Fund and at June 30, 2010, totaled \$19,780 and is included in long-term liabilities in the Statement of Net Assets. Also included in long-term liabilities in the Statement of Net Assets at June 30, 2010, is compensatory time liability of \$257.

Changes in the City’s compensated absences liability in fiscal year 2010 were as follows:

Compensated absences liability at beginning of year	\$ 18,695
Current year estimated compensated absences benefits earned	22,500
Current year compensated absences used	<u>(21,158)</u>
Compensated absences liability at end of year	<u>\$ 20,037</u>

Nuclear fuel and decommissioning costs

Federal regulations require the Electric Utility to provide for the future decommissioning costs of its former ownership share of San Onofre Nuclear Generating Station (SONGS). The Electric Utility has established a provision for decommissioning costs of SONGS and restoration of the beachfront at San Onofre, California where it is located. The Electric Utility funds the reserve and recognizes this expense over the remaining useful life of the generating plant. A separate irrevocable trust account has been established for prior and future amounts funded and these amounts are classified as restricted assets in the accompanying balance sheets. At June 30, 2010, the provision for decommissioning costs totaled \$121,253. For the year ended June 30, 2010, the Electric Utility has recorded decommissioning costs incurred for SONGS in the amount of \$6,368, which is included in the fuel and generation component in operating expenses.

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

The California Public Utilities Commission approved a cost estimate by SCE for the decommissioning costs of SONGS. The Electric Utility currently has \$121,253 in irrevocable trust for the decommissioning costs with an assumed rate of return of 4% per year. At June 30, 2010, SCE’s future cost estimate for the Electric Utility’s share of decommissioning costs is \$108,021. Based on an assumed 4% rate of return, it is estimated that the Electric Utility’s current reserve of \$121,253 will grow to \$194,129 by 2022, which exceeds SCE’s future cost estimate of \$147,170. Based on these estimates the Electric Utility does not expect that it will need to further fund the provision for decommissioning costs with cash contributions for SONGS.

The Electric Utility has a 10.04% ownership interest of the San Juan Generating Station, Unit 4 (SJ). The Electric Utility is providing for the future demolition and reclamation costs of its ownership share of SJ. As of June 30, 2010 the Electric Utility has recorded a provision for decommissioning costs for SJ of \$2,640. For the year ended June 30, 2010 the Electric Utility has recorded decommissioning costs incurred for SJ of \$440 in operating expenses. Based on the cost projections, the Electric Utility has estimated \$440 in costs per year until 2027 to fund this obligation.

Pension plan

Full-time City employees are members of the State of California Public Employees’ Retirement System (System). The City’s policy is to fund all pension costs accrued;

such costs to be funded are determined annually as of July 1 by the System's actuary. See note 10 for further discussion.

Net assets restricted by enabling legislation

The government-wide Statement of Net Assets reports \$150,750 of governmental activities restricted net assets, of which \$78,183 is restricted by enabling legislation.

Fund balances

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The accumulated deficit fund balances at June 30, 2010, for Gas Tax and Roads included in nonmajor governmental funds in the amount of \$3,547 will be eliminated in future years by the receipt of reimbursements for grant expenditures.

Budgetary principles

The City is required by its charter to adopt an annual budget on or before June 30 for the ensuing fiscal year. The General, special revenue, debt service, and capital projects governmental fund types and proprietary fund types have legally adopted budgets approved by City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level. From the effective date of the budget, the amounts stated herein as proposed expenditures/expenses become appropriations to the various City departments. Throughout the fiscal year the budget was amended to add supplemental appropriations. All amendments to the budget which change the total appropriation amount for any department require City Council approval and all increases in appropriations must be accompanied by an increase in revenue sources of a like amount to maintain a balanced budget. The City Manager has the authority to change individual budget line items within a department as long as the total department's appropriation amount is not changed.

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

GASB Statement No. 34 requires that budgetary comparison statements for the General Fund and major special revenue funds be presented in the basic financial

statements. These statements must display original budget, amended budget and actual results.

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

Property taxes

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

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

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenues apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. The amount of this borrowing pertaining to the City of Anaheim was \$6,035.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Communities Development Authority ("California Communities"), a joint powers authority to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization

program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value, and, as a result, no gain or loss was recorded.

Entitlements, shared revenues and grants

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

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

Revenue is recorded in the period in which services are provided. Residential and smaller commercial customers are billed bimonthly and all other customers monthly. At June 30, 2010 unbilled but earned service charges recorded in accounts receivable for the Electric Utility, Water Utility, and Sanitation Funds amounted to \$17,754, \$3,816, and \$3,599, respectively. See note 7 for discussion of pledged revenues.

Use of estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS:

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

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

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

Deposits and investments are comprised of the following at June 30, 2010:

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Restricted Investments	Total
Governmental activities:					
General Fund	\$ 9,354	\$ 19,019			\$ 28,373
Housing Authority	3,193	6,491	\$ 3,715		13,399
Nonmajor governmental funds	24,947	50,723	27,826	\$ 34,792	138,288
Internal service funds	<u>26,354</u>	<u>53,582</u>	<u>393</u>		<u>80,329</u>
Total governmental activities	<u>63,848</u>	<u>129,815</u>	<u>31,934</u>	<u>34,792</u>	<u>260,389</u>
Business-type activities:					
Electric Utility	17,463	35,504	26,169	203,817	282,953
Water Utility	7,227	14,692	2,623	8,203	32,745
Sanitation	12,052	24,678	31,412		68,142
Golf Courses	94	191			285
Convention, Sports and Entertainment Venues	<u>8,265</u>	<u>16,804</u>	<u>5,593</u>	<u>6,490</u>	<u>37,152</u>
Total business-type activities	<u>45,101</u>	<u>91,869</u>	<u>65,797</u>	<u>218,510</u>	<u>421,277</u>
Government-wide totals	<u>108,949</u>	<u>221,684</u>	<u>97,731</u>	<u>253,302</u>	<u>681,666</u>
Fiduciary funds			<u>4,176</u>	<u>1,215</u>	<u>5,391</u>
Total cash and investments	<u>\$108,949</u>	<u>\$221,684</u>	<u>\$101,907</u>	<u>\$254,517</u>	<u>\$687,057</u>

Deposits and investments are comprised of the following at June 30, 2010:

Deposits	\$ 2,850
Investments	<u>684,207</u>
Total deposits and investments	<u>\$687,057</u>

At June 30, 2010, deposits of \$2,850 with a corresponding bank balance of \$8,908 were maintained in various federally regulated financial institutions. The difference of \$6,058 represents deposits in transit, outstanding checks, and other reconciling items. Deposits with bank balances of \$202 are insured by the Federal Depository Insurance Corporation. For deposits with bank balances totaling \$8,706, California state statutes require federally regulated financial institutions to secure a city's deposits by pledging collateral consisting of either government securities with a value of 110% of a city's total deposits or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. The collateral is required by regulation to be held by the counterparty's agent in the name of the City.

Investments

The City Treasurer prepares an investment policy statement annually, which is presented to the Investment Advisory Commission for review and the City Council for approval. The approved investment policy Statement is submitted to the California Debt and Investment Advisory Committee in accordance with Government Code.

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

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

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

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

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

At June 30, 2010, the City exceeded five percent concentration in the following U.S. agency securities: Federal Farm Credit Bank \$52,689 (14%), Federal Home Loan Bank \$54,830 (14%), Federal Home Loan Mortgage Corporation \$33,306 (9%), and Federal National Mortgage Association \$67,857 (18%).

Investments authorized by debt agreements

Investment of debt proceeds held by bond trustees is governed by provisions of the debt agreements, rather than the general provisions of the Government Code or the

City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury obligation	None	None	None
U.S. agency securities	None	None	None
Guaranteed investment contracts	None	None	None
Collateralized investment contracts	None	None	None
Flexible repurchase agreements	None	None	None
Money market mutual funds	None	None	None
LAIF	None	None	None

At June 30, 2010, the investments controlled by bond trustees exceeded five percent concentration in the following U.S. agency securities, guaranteed investment contracts, flexible repurchase agreements and money market mutual funds: Federal Home Loan Bank \$49,886 (17%), Federal National Mortgage Association \$23,439 (8%), Federal Farm Credit Bank \$40,479 (13%), Bank of America \$16,645 (6%), Trinity Plus \$17,597 (6%), and Morgan Stanley \$29,931 (10%). All guaranteed investment contracts have downgrade language that requires collateral should credit ratings drop below certain levels.

Custodial credit risk

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

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

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City Treasurer mitigates this risk by investing in longer-

term securities only with funds that are not needed for current cash flow purposes and holding these securities to maturity. The City Treasurer uses the segmented time distribution method to identify and manage interest rate risk. In accordance with the City investment policy, the City Treasurer monitors the segmented time distribution of its investment portfolio and analysis of cash flow demand.

Investments held by bond trustees are typically long-term securities which are not adversely affected by interest rate changes. Guaranteed investment contracts for construction funds are usually limited to three years or less. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at June 30, 2010:

Investments	Credit Rating (S&P/Moody's)	Fair Value 6/30/2010	12	13	25	37	More
			Months or Less	Months to 24	Months to 36	Months to 60	Than 60 Months
Investments controlled by City Treasurer:							
U.S. agency securities	AAA/Aaa	\$208,681	\$ 45,250	\$42,124	\$52,035	\$ 69,272	
Medium term corporate notes	AA/Aa	5,314		5,314			
Medium term corporate notes	A/A	25,829		9,524	16,305		
Medium term corporate notes	A-1/P-1	16,890	8,433		8,457		
Commercial paper	A-1/P-1	57,993	57,993				
Money market mutual funds	AAA/Aaa	11,219	11,219				
LAIF	Unrated	58,152	58,152				
Total investments controlled by City Treasurer		384,078	181,047	56,962	76,797	69,272	
Investments controlled by bond trustees:							
U.S. Treasury obligations	Exempt	291	291				
U.S. agency securities	AAA/Aaa	119,851	1,992	6,861	18,334	92,664	
Guaranteed investment contracts	Unrated	44,246	17,598				\$26,648
Collateralized investment contracts	Unrated	7,084					7,084
Flexible repurchase agreements	Unrated	47,982		9,066		621	38,295
Money market mutual funds	AAA/Aaa	50,263	50,263				
LAIF	Unrated	30,412	30,412				
Total investments controlled by bond trustees		300,129	100,556	15,927	18,334	93,285	72,027
Total investments		\$684,207	\$281,603	\$72,889	\$95,131	\$162,557	\$72,027

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

Accounts receivable

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at June 30, 2010, are as follows:

	Accounts Receivable	Less: Allowance for Uncollectibles	Total
Governmental activities:			
General Fund	\$13,550	\$(4,050)	\$ 9,500
Housing Authority	43	(20)	23
Nonmajor governmental funds	948		948
Internal service funds	3,453		3,453
Total governmental activities	17,994	(4,070)	13,924
Business-type activities:			
Electric Utility	36,182	(402)	35,780
Water Utility	6,792	(45)	6,747
Sanitation	7,007	(120)	6,887
Golf Courses	91		91
Convention, Sports and Entertainment Venues	3,198	(23)	3,175
Total business-type activities	53,270	(590)	52,680
Total accounts receivable	\$71,264	\$(4,660)	\$66,604

Due from other governments

Due from other governments for the City's governmental activities at June 30, 2010, are as follows:

	Taxes	Grants	Other	Total
Governmental activities:				
General Fund	\$12,305	\$ 25	\$608	\$12,938
Housing Authority		175		175
Nonmajor governmental funds	557	41,402		41,959
Total due from other governments	\$12,862	\$41,602	\$608	\$55,072

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

General Fund	\$2,035
Electric Utility	904
Water Utility	91
Sanitation	258
Others	5
Total	\$3,293

Interfund receivable and payable balances

Net internal balances between governmental activities and business-type activities of \$16,357 are included in the government-wide financial statements at June 30, 2010. Interfund receivables and payables that are included in the fund financial statements at June 30, 2010, are as follows:

	Interfund Receivable	Interfund Payable
Governmental funds:		
General Fund	\$ 4,181	\$ 99
Housing Authority	1,830	
Nonmajor governmental funds	<u>23,569</u>	<u>25,414</u>
Total governmental funds	<u>29,580</u>	<u>25,513</u>
Enterprise funds:		
Water Utility	15	
Golf Courses	<u> </u>	<u>4,181</u>
Total enterprise funds	<u>15</u>	<u>4,181</u>
Internal service funds	<u>99</u>	
Total	<u>\$29,694</u>	<u>\$29,694</u>

Certain interfund balances at June 30, 2010 are generally short-term loans to cover temporary cash deficits in various funds. The following interfund balances are expected to be repaid in more than one year:

General Fund

Of the total interfund receivable in the General Fund, \$4,181 is due from the Golf Courses Fund. On September 24, 2002, the City Council approved a loan up to \$6,400 from the General Fund to the Golf Courses Fund for construction of the Anaheim Hills Golf Clubhouse. The loan is payable in annual amounts of not less than \$548 beginning in July 2005 until July 2023 and bears interest at the City's investment yield as of June 30th of each year.

Housing Authority

The total interfund receivable in the Housing Authority Special Revenue Fund, \$1,830, is due from nonmajor governmental funds (Redevelopment Agency Capital Projects Fund). On July 17, 2007, the Housing Authority entered into an agreement with the Redevelopment Agency to transfer parcels located at 413 and 435 South Anaheim Boulevard in the amount of \$2,830 for the proposed development of a for sale-condominium project. The Redevelopment Agency paid \$1,000 in June 2008 and will make four annual installments beginning in fiscal year 2011.

Nonmajor Governmental Funds

Of the interfund receivable in the nonmajor governmental funds, \$8,822 is due to the Other Capital Improvements Capital Projects Fund from nonmajor government funds (Redevelopment Agency Capital Projects Fund). The Redevelopment Agency entered into a Cooperation Agreement with the City on April 1, 2003 whereby the City will assist the Redevelopment Agency with the development of Westgate utilizing \$10,000 of funds from the HUD Section 108 loan program. The Redevelopment Agency is obligated to pay the City for the

repayment of the HUD 108 loan from property tax increment and certain project revenues generated by Westgate.

Of the interfund receivable in the nonmajor governmental funds, \$1,765 is due to the Redevelopment Agency Capital Projects Fund from nonmajor governmental funds (Other Capital Improvements Capital Projects Fund). On March 15, 1999, the Redevelopment Agency entered into a Cooperation Agreement with the City where the Redevelopment Agency and the City will share in the cost of the West Lincoln Avenue Street improvement project. The Agreement also provides that the Redevelopment Agency will receive transportation fee credits in the amount of its contribution to the project.

Certain interfund transactions

The net transfers of \$19,602 from the business-type activities to the governmental activities on the government-wide Statement of Activities are primarily comprised of operational subsidies from business-type activities to the General Fund offset by debt service subsidies to the Convention, Sports and Entertainment Venues Fund and the transfers of capital assets from governmental activities to business-type activities. Equipment with net book value of \$57 was transferred from the governmental activities to Sanitation Enterprise Fund and was accounted for as Capital Contribution in the Sanitation Enterprise Fund; equipment with net book values totaled \$3,869 was transferred from the governmental activities internal services to Electric Utilities Enterprise Fund (\$1,097), Water Utilities Enterprise Fund (\$963) and Sanitation Enterprise Fund (\$1,809). These amount were included in the Enterprise Funds Statement as Transfer In and Transfer Out in the Motorized Equipment Internal Service Fund Statement.

The following interfund transfers are reflected in the fund financial statements at June 30, 2010:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General Fund	\$27,211	\$32,558
Housing Authority	16	
Nonmajor governmental funds	<u>56,271</u>	<u>27,412</u>
Total governmental funds	<u>83,498</u>	<u>59,970</u>
Enterprise funds:		
Electric Utility	1,276	18,677
Water Utility	963	3,309
Sanitation	1,809	3,475
Golf Courses		825
Convention, Sports and Entertainment Venues	<u>2,579</u>	
Total enterprise funds	<u>6,627</u>	<u>26,286</u>
Internal service funds	<u>1,446</u>	<u>5,315</u>
Total	<u>\$91,571</u>	<u>\$91,571</u>

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

NOTE 4 – BOND PAYMENT RECEIVABLE:

On August 3, 1995, the Los Angeles Rams Football Company, currently the St. Louis Rams (Rams), exercised its right to terminate its lease under the Fourth Amendment to the Exhibition Agreement between the Rams and the City (Rams Agreement). Under the Rams Agreement, the Rams became obligated to repay the City for the debt service on the 1979 Anaheim (California) Stadium Inc. Lease Revenue Bonds in the principal amount of \$28,110, which obligation is supported by an irrevocable standby letter of credit with Dresdner Bank AG, will be repaid by August 15, 2015. The 1979 Anaheim (California) Stadium Inc. Lease Revenue Bonds were subsequently refunded, and are no longer outstanding, by a portion of the Convention, Sports and Entertainment Venues Fund 1993 Refunding Projects Certificates of Participation. In December 2008, the 1993 Refunding Projects Certificates of Participation were refunded and replaced by the 2008 Lease Revenue Refunding Bonds. At June 30, 2010, there remained principal outstanding of \$12,225 on the 2008 Lease Revenue Refunding Bonds. During fiscal year 2010, the Rams reimbursed the City \$2,436 (representing \$1,682 for principal and \$754 for interest) for the current portion of their debt service obligation. The City accounted for the termination of the lease by recording a bond payment receivable from the Rams and a contribution to the Convention, Sports and Entertainment Venues Enterprise Fund in the amount of the debt obligation assumed by the Rams under the Rams Agreement.

NOTE 5 – CAPITAL ASSETS:

Capital asset activities for the year ended June 30, 2010, were as follows:

	Beginning Balance	Additions	Transfers In (Out)	Deletions	Ending Balance
Governmental activities:					
Nondepreciable assets:					
Land	\$ 587,767	\$ 14,456	\$ 5,155	\$ (393)	\$ 606,985
Construction in progress	22,079	46,266	(12,159)	(636)	55,550
Total	609,846	60,722	(7,004)	(1,029)	662,535
Depreciable assets:					
Buildings, structures and improvements	313,759	5,921	65	(397)	319,348
Machinery and equipment	113,162	5,648	(6,624)	(7,551)	104,635
Infrastructure	712,394	904	6,612		719,910
Total	1,139,315	12,473	53	(7,948)	1,143,893
Total assets	1,749,161	73,195	(6,951)	(8,977)	1,806,428
Less accumulated depreciation for:					
Buildings, structures and improvements	(105,043)	(8,055)		383	(112,715)
Machinery and equipment	(68,402)	(10,804)	3,024	7,438	(68,744)
Infrastructure	(284,944)	(16,124)			(301,068)
Total accumulated depreciation	(458,389)	(34,983)	3,024	7,821	(482,527)
Total governmental activities capital assets, net	\$1,290,772	\$ 38,212	\$ (3,927)	\$ (1,156)	\$1,323,901
Business-type activities:					
Nondepreciable assets:					
Land	\$ 58,369				\$ 58,369
Construction in progress	64,802	\$ 74,634	\$(58,150)		81,286
Total	123,171	74,634	(58,150)		139,655
Depreciable assets:					
Buildings, structures and improvements	565,282	1,100	7,222	(7)	573,597
Utility plant	1,317,528	1,829	53,041	(1,040)	1,371,358
Machinery and equipment	27,436	2,724	1,814	(1,270)	30,704
Total	1,910,246	5,653	62,077	(2,317)	1,975,659
Total assets	2,033,417	80,287	3,927	(2,317)	2,115,314
Less accumulated depreciation for:					
Buildings, structures and improvements	(173,790)	(12,646)		4	(186,432)
Utility plant	(377,242)	(44,029)		1,916	(419,355)
Machinery and equipment	(17,272)	(2,673)		1,269	(18,676)
Total accumulated depreciation	(568,304)	(59,348)		3,189	(624,463)
Total business-type activities capital assets, net	\$1,465,113	\$ 20,939	\$ 3,927	\$ 872	\$1,490,851

Depreciation expense was charged to functions/programs of the City during fiscal year 2010 as follows:

Governmental activities:	
General government	\$ 291
Police	3,631
Fire	617
Community Development	1,928
Planning	132
Public Works	16,708
Community Services	2,646
Convention, Sports and Entertainment	3,558
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>5,472</u>
Total depreciation expense – governmental activities	<u>\$34,983</u>
Business-type activities:	
Electric Utility	\$35,926
Water Utility	8,103
Sanitation	2,198
Golf Courses	581
Convention, Sports and Entertainment Venues	<u>12,540</u>
Total depreciation expense – business-type activities	<u>\$59,348</u>

Capital leases

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

	Governmental
	<u>Activities</u>
Machinery and equipment	\$ 3,984
Less accumulated amortization	<u>(1,391)</u>
Capitalized leased assets, net	<u>\$ 2,593</u>

Operating leases

Housing Authority

At June 30, 2010, the Housing Authority earned revenues as the lessor of land, carried at cost of \$46,239 in the government-wide financial statements, under five operating ground leases. These leases to developers are noncancelable. Two of the leases are for a term of 55 years, expiring in 2055 and 2057. Three of the leases are for a term of 57 years, expiring in 2060, 2063 and 2064. The total base rent amounts to be collected over the terms of the leases are \$12,400, \$8,700, \$7,505, \$7,900 and \$5,200, respectively, with simple interest accruing on unpaid portions at a rate of 4.0%, 4.5%, 4.0%, 4.0% and 4.0%, respectively. Minimum lease payments are calculated annually, based on residual receipts, as defined in the lease agreements. It is estimated that the full amounts of the leases are collectible. At June 30, 2010, the Housing Authority has recorded notes receivable due from developers related to these transactions of \$9,671 in both the government-wide and fund financial statements.

Redevelopment Agency

At June 30, 2010, the Redevelopment Agency earned revenues as lessor from certain parking structure properties, carried at cost of \$9,564, less accumulated depreciation of \$8,729, under operating leases. The following is a schedule of minimum future rentals on noncancelable operating leases at June 30, 2010:

<u>Fiscal Year Ending June 30</u>	
2011	\$ 271
2012	272
2013	273
2014	274
2015	277
2016-2020	1,397
2021-2025	1,281
2026-2030	1,231
2031-2034	<u>985</u>
Total minimum future rentals	<u>\$6,261</u>

NOTE 6 – SELF INSURANCE:

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

At June 30, 2010, the City was fully funded for self-insured workers' compensation and general liability claims (self-insured retention levels of \$750 per occurrence for workers' compensation claims and \$1,000 per occurrence for general liability claims). Above these self-insured retention levels, the City's potential liability is covered through various commercial insurance and intergovernmental risk pooling programs (collectively, "Insurance"). Settled claims have not exceeded total insurance coverage in any of the past three years, nor does management believe that there are any pending claims that will exceed total insurance coverage.

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

Changes in claims liability of the General Benefits and Insurance Fund and that relates to the governmental funds and reported in the governmental activities in the government wide Statement of Net Assets in fiscal years 2010 and 2009 were as follows:

	2010	2009
Current liability at beginning of year	\$33,988	\$33,925
Current year claims and changes in estimates	10,634	4,820
Claims payments	<u>(6,866)</u>	<u>(4,757)</u>
Claims liability at end of year	<u>\$37,756</u>	<u>\$33,988</u>

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

Above the self-insured retention of \$1,000 per occurrence for liability losses, the City maintains excess coverage for all City operations to \$100,000 per occurrence, excluding helicopter operations for which the City purchases \$50,000, per occurrence, of commercial liability insurance (on a first-dollar basis). The first layer of excess liability loss coverage is procured through the Authority for California Cities Excess Liability (ACCEL), a joint powers insurance authority, formed in 1986, pooling catastrophic general, automobile, personal injury, and public officials errors and omissions liability losses among twelve California cities, through both risk-sharing and commercial insurance joint-purchase arrangements. The City, therefore, continues to maintain some limited excess liability risk sharing exposure, above \$1,000 per occurrence, directly with ACCEL. This pooled coverage has exposure (i) from the run-out periods from prior years in which commercial excess insurance was not obtained, and (ii) from an ACCEL retained layer for fiscal year 2010 of \$4,000 in excess of \$1,000. Each ACCEL member’s share of pooled losses is based on a retrospectively-rated risk-sharing formula which includes, but is not limited to, exposure and loss experience factors.

In order to provide funds to pay claims, ACCEL collects a deposit from each member. The deposits are credited with investment income at the rate earned on ACCEL’s investments. At June 30, 2010, ACCEL’s cash and investments totaled \$32,703, of which \$5,577 consists of deposits and interest on deposits provided by the City. The City has no specific equity interest in ACCEL. Deposits provided to ACCEL by the City are expensed when paid by the General Benefits and Insurance Fund.

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

NOTE 7 – LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2010:

	Beginning Balance	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 4,750		\$ (495)	\$ 4,255	\$ 520
City lease revenue	498,671		(7,706)	490,965	9,196
Redevelopment Agency	201,680			201,680	
Accretion	106,670	\$12,749		119,419	
Motorized Equipment	889		(279)	610	296
Unamortized bond refunding costs/premium/discount, net	<u>(7,592)</u>		<u>1,167</u>	<u>(6,425)</u>	
Total	<u>805,068</u>	<u>12,749</u>	<u>(7,313)</u>	<u>810,504</u>	<u>10,012</u>
COPs:					
City COPs	13,840		(850)	12,990	920
Total	<u>13,840</u>		<u>(850)</u>	<u>12,990</u>	<u>920</u>
Capitalized lease obligations:					
City	241		(241)		
Internal Service Funds	994	2,379	(768)	2,605	981
Total	<u>1,235</u>	<u>2,379</u>	<u>(1,009)</u>	<u>2,605</u>	<u>981</u>
Notes and loans payable:					
City	11,706	8,000	(961)	18,745	816
Redevelopment Agency	10,872		(2,332)	8,540	644
Housing Authority	2,043		(234)	1,809	
Total	<u>24,621</u>	<u>8,000</u>	<u>(3,527)</u>	<u>29,094</u>	<u>1,460</u>
Claims liabilities (note 6)	33,988	10,634	(6,866)	37,756	8,801
Compensated absences (note 1)	18,695	22,500	(21,158)	20,037	14,839
Pollution Remediation Obligation (note 9)	4,213		(2,334)	1,879	1,879
Governmental activities total	<u>901,660</u>	<u>56,262</u>	<u>(43,057)</u>	<u>914,865</u>	<u>38,892</u>
Business-type activities:					
Bonds payable:					
Electric Utility	663,360		(15,995)	647,365	17,825
Water Utility	54,500		(1,490)	53,010	880
Sanitation	47,710		(775)	46,935	805
Convention, Sports and Entertainment Venues	65,492		(6,205)	59,287	6,782
Unamortized bond refunding costs/premium/discount, net	<u>(1,355)</u>		<u>683</u>	<u>(672)</u>	
Total	<u>829,707</u>		<u>(23,782)</u>	<u>805,925</u>	<u>26,292</u>
COPs:					
Convention, Sports and Entertainment Venues	38,000			38,000	
Total	<u>38,000</u>			<u>38,000</u>	
Notes and loans payable:					
Water Utility	12,580		(962)	11,618	899
Unamortized note discount	(281)		42	(239)	
Total	<u>12,299</u>		<u>(920)</u>	<u>11,379</u>	<u>899</u>
Decommissioning provision	117,085	6,808		123,893	
Business-type activities total	<u>997,091</u>	<u>6,808</u>	<u>(24,702)</u>	<u>979,197</u>	<u>27,191</u>
Government-wide total	<u>\$1,898,751</u>	<u>\$63,070</u>	<u>\$(67,759)</u>	<u>\$1,894,062</u>	<u>\$66,083</u>

GOVERNMENTAL ACTIVITIES:

BONDS PAYABLE

At June 30, 2010, bonds payable consisted of the following:

	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Out-standing 6/30/10
City					
1993 General Obligation Refunding Bonds	11/01/93	10/01/16	4.0%-7.0%	\$ 10,055	\$ 4,255
1997 Anaheim Lease Revenue Bonds	2/01/97	3/01/37	4.5%-6.0%	510,427	229,927
Accretion					119,419
2007 Anaheim Lease Revenue Refunding Bonds	6/13/07	3/01/37	3.25%-5.5%	256,320	256,320
2008 Anaheim Lease Revenue Refunding Bonds	12/10/08	8/01/19	3.0%-5.0%	5,084	4,718
Total					614,639
Unamortized bond refunding costs/premium/discounts, net					(5,714)
Total City bonds					<u>608,925</u>
Redevelopment Agency					
2007 Tax Allocation Refunding Bonds	12/20/07	2/01/31	4.25%-6.5%	201,680	201,680
Unamortized bond refunding costs/premium, net					(683)
Total Redevelopment Agency bonds					<u>200,997</u>
Motorized Equipment					
2008 Anaheim Lease Revenue Refunding Bonds	12/10/08	8/01/19	3.0%-5.0%	889	610
Unamortized bond refunding costs/premium, net					(28)
Total Motorized Equipment bonds					<u>582</u>
Total governmental activities bonds				<u>\$984,455</u>	<u>\$810,504</u>

Bonds Payable - City

General obligation refunding bonds

The 1993 General Obligation Refunding Bonds were issued to finance storm drain improvements and are payable from the levy of ad valorem taxes. Total principal and interest remaining on the bonds is \$4,902, payable through October 2016. During the fiscal year ended June 30, 2010 total principal and interest paid was \$689.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2011	\$ 520	\$170	\$ 690
2012	550	145	695
2013	580	118	698
2014	610	92	702
2015	635	67	702
2016-2017	1,360	55	1,415
Total bonds	<u>\$4,255</u>	<u>\$647</u>	<u>\$4,902</u>

Lease payment measurement revenues

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

LPMR began on January 1, 2001, with the first payment made to the trustee on July 7, 2001, for the LPMR generated during the period January through June 2001. Subsequent to that date, LPMR is collected and remitted to the trustee monthly. During the fiscal year ended June 30, 2010, \$27,982 was remitted to the trustee.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2011	\$ 8,805	\$ 19,278	\$ 28,083
2012	12,995	18,636	31,631
2013	14,705	17,828	32,533
2014	16,540	16,917	33,457
2015	18,510	15,894	34,404
2016-2020	79,844	109,428	189,272
2021-2025	72,034	149,294	221,328
2026-2030	86,649	169,077	255,726
2031-2035	104,120	190,084	294,204
2036-2037	72,045	97,690	169,735
Total	486,247	804,126	1,290,373
Unamortized bond discount	(5,246)		(5,246)
Total bonds	<u>\$481,001</u>	<u>\$804,126</u>	<u>\$1,285,127</u>

Included in interest is \$119,419 related to accretion on capital appreciation bonds.

Lease revenue refunding bonds – City

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 391	\$ 203	\$ 594
2012	414	187	601
2013	429	170	599
2014	460	151	611
2015	479	131	610
2016-2020	2,545	321	2,866
Total	<u>4,718</u>	<u>1,163</u>	<u>5,881</u>
Unamortized bond discount	(468)		(468)
Total bonds	<u>\$4,250</u>	<u>\$1,163</u>	<u>\$5,413</u>

Bonds Payable - Redevelopment Agency

The City's Redevelopment Agency has pledged future tax increment revenues net of certain pass-through payments and other senior debt obligations (Redevelopment Agency Savi Ranch Associates note and HUD Section 108 guaranteed loan) to repay a total of \$366,022, principal and interest, outstanding tax allocation bonds issued in December 2007. Proceeds from bonds provided financing for public improvements related to the Merged project areas, for the supply of low-and moderate-income housing within the City, to repay certain Redevelopment Agency loan obligations and to advance refund the 1992, 1997 and 2000 bonds. The bonds are payable solely from future tax increments revenues and are payable through February 2031. During the fiscal year ended June 30, 2010, total interest paid and total tax increment revenues were \$10,766 and \$41,384 respectively.

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011		\$ 10,766	\$ 10,766
2012		10,766	10,766
2013		10,766	10,766
2014	\$ 1,860	10,766	12,626
2015	2,205	10,659	12,864
2016-2020	33,940	49,802	83,742
2021-2025	51,450	38,321	89,771
2026-2030	90,255	21,315	111,570
2031	<u>21,970</u>	<u>1,181</u>	<u>23,151</u>
Total	201,680	164,342	366,022
Unamortized bond refunding costs/discount, net	(683)		(683)
Total bonds	<u>\$200,997</u>	<u>\$164,342</u>	<u>\$365,339</u>

Bonds Payable – Motorized Equipment

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$296	\$21	\$317
2012	314	7	321
Total	610	28	638
Unamortized bond discount	(28)		(28)
Total bonds	<u>\$582</u>	<u>\$28</u>	<u>\$610</u>

CERTIFICATES OF PARTICIPATION

At June 30, 2010, certificates of participation consisted of the following:

	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Range of Interest Rates at Issue Date</u>	<u>Authorized and Issued</u>	<u>Out-standing 6/30/10</u>
City					
1993 Arena Land Refinancing	11/01/93	11/01/19	5.9%-7.50%	21,210	\$12,990
Total governmental activities COPs					<u>\$12,990</u>

Certificates of Participation Payable – City

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 920	\$ 814	\$ 1,734
2012	985	753	1,738
2013	1,065	686	1,751
2014	1,140	614	1,754
2015	1,225	537	1,762
2016-2020	7,655	1,316	8,971
Total COPs	<u>\$12,990</u>	<u>\$4,720</u>	<u>\$17,710</u>

CAPITAL LEASE OBLIGATIONS

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

Fiscal Year Ending 6/30	
2011	\$ 1,053
2012	870
2013	622
2014	<u>292</u>
Total	2,837
Less amount representing interest, variable	<u>(232)</u>
Present value of future minimum lease payments	<u>\$ 2,605</u>

NOTES AND LOANS PAYABLE

At June 30, 2010, notes and loans payable are as follows:

Notes and Loans Payable – City

HUD Section 108 guaranteed loans payable

In May 2003, the City entered into an agreement with HUD, making available \$10,000 to provide financial assistance related to the development of Westgate on a former landfill site located at the northeast corner of Beach Boulevard and Lincoln Avenue. The loan is payable from sales tax revenue generated by Westgate, from The Community Development Block Grant yearly entitlement, and from the Redevelopment Agency's property tax increment and project participation revenues generated by Westgate. The outstanding balance at June 30, 2010 was \$9,066. The loan bears interest ranging from 1.74% to 5.97% and is payable over 20 years beginning on February 1, 2005 until August 1, 2023. Loan debt service requirements to maturity is as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2011	\$ 355	\$ 486	\$ 841
2012	397	469	866
2013	435	449	884
2014	478	427	905
2015	517	402	919
2016-2020	3,431	1,510	4,941
2021-2024	<u>3,453</u>	<u>397</u>	<u>3,850</u>
Total notes and loans	<u>\$9,066</u>	<u>\$4,140</u>	<u>\$13,206</u>

In March 2010, the City entered into an agreement with HUD, making available \$15,000 to fund the acquisitions of the Family Justice Center and Miraloma Park site, construction of a new Thornton Brady storm drain and the Redevelopment Agency preservation project of the historic Packing House site. The loan is payable from the Community Development Block Grant yearly entitlement and from the Redevelopment Agency's property tax increment. The outstanding balance of the loan at June 30, 2010 was \$8,000. The 2010 HUD loan is variable-rate equal to 20 basis point above the London Interbank Offered Rate (LIBO). The loan is payable quarterly beginning on May 1, 2010 until August 1, 2027.

Fiscal Year Ending 6/30	Principal	Interest	Total
2011	\$ 345	\$ 57	\$ 402
2012	345	55	400
2013	345	52	397
2014	355	49	404
2015	365	47	412
2016-2020	2,065	190	2,255
2021-2025	2,605	103	2,708
2026-2027	<u>1,575</u>	<u>12</u>	<u>1,587</u>
Total notes and loans	<u>\$8,000</u>	<u>\$ 565</u>	<u>\$ 8,565</u>

Helicopter loan payable

In January 2009, the City entered into an agreement with Government Capital Corporation to finance the acquisition of a police helicopter. The amount of the loan totaled \$1,799 and bears interest at 5.391% per annum for a term of 12 years. Principal and interest payments of \$206 are due annually beginning on December 16, 2009 until December 16, 2020. The outstanding balance at June 30, 2010 was \$1,679. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2011	\$ 116	\$ 90	\$ 206
2012	122	84	206
2013	129	77	206
2014	136	70	206
2015	143	63	206
2016-2020	838	193	1,031
2021	<u>195</u>	<u>11</u>	<u>206</u>
Total notes and loans	<u>\$1,679</u>	<u>\$588</u>	<u>\$2,267</u>

Notes and Loans Payable – Redevelopment AgencyRedevelopment Agency Savi Ranch Associates note payable

In July 1989, the Redevelopment Agency executed a note with Savi Ranch Associates, a California general partnership. The amount of the note totaled \$2,707 and bears interest at 9.5% per annum. The note is payable from net property tax increment as defined in the Redevelopment Agency note. If there is insufficient property tax increment to pay for principal and interest at the termination of the River Valley project area plan in November 2031, the note ceases to be an obligation of the Redevelopment Agency. For the fiscal year ended June 30, 2010, total interest paid and tax increment revenues were \$308 and \$308 respectively.

Redevelopment Agency Orange County Transportation Authority note payable

In August 2005, the Agency executed a purchase price promissory note with the Orange County Transportation Authority (OCTA) for \$12,998 for the acquisition of certain sites and \$1,059 for the repayment of the balance of the November 2004 OCTA (Stingray) note. The amount of the note totaled \$14,057 and bears an adjustable interest rate equal to OCTA's short term portfolio yield for the 12 month period ending June 30 each year. The note is payable quarterly, commencing in October 2005 and matures in October 2011. At June 30, 2010, the outstanding balance of the note was \$537.

Redevelopment Agency Williams note payable

In January 2005, the Redevelopment Agency executed a promissory note with Robert and Betty Williams, co-trustees of the Williams Family Trust, for the acquisition of property for commercial development. The amount of the note totaled \$650 and bears 3.5% interest per annum. The note is payable over six years. At June 30, 2010, the outstanding balance of the note was \$79.

Redevelopment Agency contractual obligations

As part of the Redevelopment Agency's economic development program to attract and retain businesses in the City, the Redevelopment Agency has entered into various contractual obligations. Generally, the Redevelopment Agency reimburses the business for its tenant improvement costs from property tax increment revenues received by the Redevelopment Agency. At June 30, 2010, the outstanding balance of these obligations totaled \$200.

California State Teachers Retirement System (CALSTRS) has entered into an agreement, dated December 15, 1992, with the Agency to share in the development

costs of the Plaza Redevelopment Project. In March 2004, CALSTRS assigned the agreement to the new owners, Pan Pacific Retail Properties, Inc. (PPRP). In October 2006, Kimco Realty Corporation (KRC) acquired PPRP including the assumption of the assigned plaza project agreement. The KRC participation note bears 7% simple interest rate and has a maximum term of 25 years. The Redevelopment Agency's obligation to repay the note is entirely contingent on the revenues generated by the project. The note will be forgiven at the end of the term whether or not the entire amount has been repaid. At June 30, 2010, the outstanding balance of the participation note was \$4,615.

The Redevelopment Agency entered into a purchase and sale agreement dated November 24, 2002 with a property owner for the purchase of a future commercial development site located at 1687 West Lincoln Avenue for \$900. One half of the purchase price or \$450 was paid in cash and the balance of \$450 by a promissory note bearing 6% simple interest per annum. The note is payable over 10 years at \$3 per month with a balloon payment of \$379 on its maturity date of March 1, 2013. The outstanding balance of this note at June 30, 2010 was \$402.

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 644	\$ 744	\$ 1,388
2012	29	756	785
2013	405	767	1,172
2014	168	692	860
2015	215	665	880
2016-2020	1,476	3,249	4,725
2021-2025	2,993	2,184	5,177
2026-2030	1,656	968	2,624
2031-2033	954	109	1,063
Total notes and loans	<u>\$8,540</u>	<u>\$10,134</u>	<u>\$18,674</u>

Notes and Loans Payable – Housing AuthorityHousing Authority CHFA loan agreements

In October 2003 and October 2007, the Housing Authority entered into separate loan agreements with the California Housing Finance Agency (CHFA), to provide funding for down payment assistance to first-time homebuyers. The 2003 loan is for an amount up to \$1,800 and bears 3% simple interest, with principal and accrued interest due in October 2013. At June 30, 2010, the outstanding balance of the 2003 loan was \$775. The 2007 note is for an amount up to \$1,250 and bears 3.5% interest with principal and accrued interest due in October 2017. At June 30, 2010, the outstanding balance of the 2007 loan was \$1,034.

BUSINESS-TYPE ACTIVITIES:

BONDS PAYABLE

	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Out-standing 6/30/10
Electric Utility					
1998 Revenue Bonds	5/01/98	10/01/28	4.75%-5.0%	\$ 65,000	\$ 3,455
1999 Revenue Bonds	9/01/99	10/01/27	3.0%-5.0%	45,000	38,235
2002 Revenue Bonds	2/15/02	10/01/31	3.3%-5.25%	178,705	171,710
2003 Revenue Bonds	4/01/03	10/01/22	3.0%-5.0%	60,415	41,850
2004 Revenue Bonds	6/01/04	10/01/34	2.5%-5.25%	131,265	118,955
2007 Revenue Bonds	2/01/07	10/01/37	4.0%-5.0%	206,035	203,160
2009 Revenue Bonds	3/10/09	10/01/39	3.0%-5.25%	70,000	70,000
Total					647,365
Unamortized bond refunding costs/premium, net					2,633
Total Electric Utility					649,998
Water Utility					
2004 Revenue Bonds	5/01/04	10/01/16	4.0%-4.5%	12,105	4,430
2008 Revenue Bonds	7/09/08	10/01/38	4.0%-5.0%	48,580	48,580
Total					53,010
Unamortized bond refunding costs/premium, net					(155)
Total Water Utility					52,855
Sanitation					
2007 Revenue Bonds	5/23/07	2/01/39	3.9%-5.0%	47,710	46,935
Unamortized bond premium					1,292
Total Sanitation					48,227
Convention, Sports and Entertainment Venues					
2002 Revenue Bonds	7/02/02	8/01/23	3.0%-5.5%	26,260	16,305
2008 Anaheim Lease Revenue Refunding Bonds	12/10/08	8/01/19	3.0%-5.0%	45,847	42,982
Total					59,287
Unamortized bond refunding costs/premium, net					(4,442)
Total Convention, Sports and Entertainment Venues					54,845
Total business-type activities bonds				\$936,922	\$805,925

Bonds Payable - Electric Utility

The City's Electric Utility has pledged future electric revenues, net of certain costs, to repay a total of \$1,105,261 outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The electric utility's bonds are payable solely from electric customer net revenues and are payable through 2040. At June 30, 2010, the annual principal and interest payments on the bonds were less than 58.8% of net revenues. Principal and interest paid for the current fiscal year and total net revenues were \$47,783 and \$81,252 respectively.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2011	\$ 17,825	\$ 30,825	\$ 48,650
2012	18,175	30,016	48,191
2013	18,995	29,217	48,212
2014	19,765	28,345	48,110
2015	20,745	27,376	48,121
2016-2020	112,790	120,617	233,407
2021-2025	109,020	93,438	202,458
2026-2030	137,625	63,227	200,852
2031-2035	127,345	28,997	156,342
2036-2040	65,080	5,838	70,918
Total	647,365	457,896	1,105,261
Unamortized bond refunding costs/premium, net	2,633		2,633
Total bonds	\$649,998	\$457,896	\$1,107,894

Bonds Payable - Water Utility

The City's Water Utility has pledged future revenues from the sale of water, net of certain costs, to repay a total of \$102,083 for outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The bonds are payable solely from water net revenues and are payable through 2039. At June 30, 2010, the annual principal and interest payments on the bonds were less than 32.1% of net revenues. Principal and interest paid for current fiscal year and total net revenues were \$4,034 and \$12,556 respectively.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2011	\$ 880	\$ 2,497	\$ 3,377
2012	915	2,461	3,376
2013	950	2,423	3,373
2014	800	2,387	3,187
2015	835	2,351	3,186
2016-2020	2,460	11,359	13,819
2021-2025	7,000	10,539	17,539
2026-2030	11,130	8,329	19,459
2031-2035	14,080	5,288	19,368
2036-2039	13,960	1,439	15,399
Total	53,010	49,073	102,083
Unamortized bond refunding costs/premium, net	(155)		(155)
Total bonds	<u>\$52,855</u>	<u>\$49,073</u>	<u>\$101,928</u>

Bonds Payable – Sanitation

The City has pledged future Sanitation system net revenues to pay a total of \$86,921 for revenue bonds issued in May 2007. Proceeds from the bonds provided financing for capital improvements to the sanitation sewer collection system. The bonds are payable solely from system net revenues and are payable through February 2039. At June 30, 2010, total principal and interest payments on the bonds were less than 47.4% of net revenues. Total principal and interest paid and total system net revenues for the current fiscal year were \$2,999 and \$6,321 respectively.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2011	\$ 805	\$ 2,193	\$ 2,998
2012	835	2,160	2,995
2013	880	2,119	2,999
2014	920	2,079	2,999
2015	955	2,042	2,997
2016-2020	5,480	9,508	14,988
2021-2025	6,890	8,095	14,985
2026-2030	8,625	6,358	14,983
2031-2035	10,855	4,133	14,988
2036-2039	10,690	1,299	11,989
Total	46,935	39,986	86,921
Unamortized bond premium	1,292		1,292
Total bonds	<u>\$48,227</u>	<u>\$39,986</u>	<u>\$88,213</u>

Bonds Payable – Convention, Sports and Entertainment Venues

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2011	\$ 6,782	\$ 2,636	\$ 9,418
2012	6,918	2,310	9,228
2013	7,756	1,962	9,718
2014	8,120	1,579	9,699
2015	4,995	1,280	6,275
2016-2020	24,496	3,186	27,682
2021-2024	220	24	244
Total	59,287	12,977	72,264
Unamortized bond refunding costs/premium, net	(4,442)		(4,442)
Total bonds	<u>\$54,845</u>	<u>\$12,977</u>	<u>\$67,822</u>

CERTIFICATES OF PARTICIPATION

	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Out-standing 6/30/10
Convention, Sports and Entertainment Venues					
1992 Convention Center					
Financing Project	1/01/92	8/01/23	3.9%-6.4%	\$ 92,777	\$38,000
Total Convention, Sports and Entertainment Venues					<u>\$38,000</u>

Certificates of Participation Payable – Convention, Sports and Entertainment Venues

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2011		\$ 2,350	\$ 2,350
2012		2,350	2,350
2013		2,350	2,350
2014		2,350	2,350
2015	\$ 3,500	2,345	5,845
2016-2020	25,500	6,346	31,846
2021-2024	9,000	440	9,440
Total COPs	<u>\$38,000</u>	<u>\$18,531</u>	<u>\$56,531</u>

NOTES AND LOANS PAYABLE

Notes and Loans Payable – Water Utility

At June 30, 2010, notes and loans payable are as follows:

Orange County Water District promissory note

In April 1990, the Water Utility executed a Well Construction Program Agreement with the Orange County Water District (OCWD) to assist in financing the construction of three super wells to be located within the City. Advances from OCWD amounted to \$2,177 for wells 46, 47 and 49 at an interest rate of 3.5% for a period of 15 years, beginning after construction was completed for each well in 1993, 1996 and 1995 respectively. The outstanding balance on this note at June 30, 2010, was \$32.

State of California Revolving Fund note payable

In June 2001, the Water Utility executed a note payable to the State of California Revolving Fund at a rate of 2.8% in the amount of \$18,063. There are semi-annual payments of principal and interest in the amount of \$592 through July 31, 2021. The outstanding balance on this note at June 30, 2010, totaled \$11,586.

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 899	\$ 318	\$ 1,217
2012	892	293	1,185
2013	917	268	1,185
2014	942	242	1,184
2015	969	216	1,185
2016-2020	5,270	655	5,925
2021-2022	<u>1,729</u>	<u>49</u>	<u>1,778</u>
Total	11,618	2,041	13,659
Unamortized note discount	(239)		(239)
Total notes and loans	<u>\$11,379</u>	<u>\$2,041</u>	<u>\$13,420</u>

ARBITRAGE

The Tax Reform Act of 1986 (Act) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt, and now requires the City to calculate and remit rebatable arbitrage earnings to the Internal Revenue Service. Certain of the City's debt and interest earned on the proceeds thereof are subject to the requirements of the Act. The City has accrued a liability for estimated rebatable arbitrage earnings and has set aside such earnings as restricted cash. At June 30, 2010, the arbitrage

rebate liability for governmental and business-type activities was zero and \$348 respectively.

COMPLIANCE WITH DEBT COVENANTS

There are various limitations and restrictions contained in the City's bond and certificates of participation indentures. The City believes they are in compliance with all significant limitations and restrictions.

Debt Defeased

Certain bonds and certificates of participation defeased by the City prior to June 30, 2010, are summarized below:

	<u>Outstanding 6/30/10</u>
Redevelopment Agency	
1996 Tax Allocation Refunding Bonds	\$38,410
2000 Tax Allocation Refunding Bonds	<u>9,750</u>
	<u>\$48,160</u>
Electric Utility	
Electric System Certificates of Participation, Issue of 1997	<u>\$ 1,410</u>

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

CONDUIT FINANCINGS

City

The City has entered into two conduit financings on behalf of a community care provider facility and one to facilitate the management agreement for the Honda Center (formerly the Arrowhead Pond) of Anaheim. In accordance with applicable agreements, the City has no obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Bonds payable and certificates of participation related to conduit financings outstanding at June 30, 2010, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/10
1993 Anaheim Memorial Hospital Association	10/15/93	5/15/20	\$46,690	\$25,430
2003 Anaheim Arena Financing Project	12/11/03	6/01/23	<u>42,600</u>	<u>36,000</u>
Total			<u>\$89,290</u>	<u>\$61,430</u>

Anaheim Housing Authority

The Anaheim Housing Authority has entered into conduit debt financings on behalf of various developers to assist with the acquisition, construction, equipping, rehabilitation and refinancing of multifamily residential rental projects within the City of Anaheim. In accordance with the bond documents, neither the City nor the Housing Authority has an obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Housing Authority revenue bonds related to conduit financings outstanding at June 30, 2010, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/10
1985 West Anaheim Royale	12/01/85	12/01/15	\$ 4,664	\$ 2,369
1992 Heritage Village Park	11/12/92	11/12/07	8,485	5,485
1997 Casa Granada Apartments	5/15/97	5/15/27	3,795	3,195
1997 Monterey Apartments	5/15/97	5/15/27	4,545	3,845
1997 Port Trinidad Apartments	5/15/97	5/15/27	2,140	1,740
1998 Sage Park Project	11/01/98	11/01/28	5,500	5,500
2000 Cobblestone Apartments	7/20/00	3/15/33	3,980	3,675
2000 Park Vista Apartments	7/24/00	7/01/33	27,180	27,180
2000 Seawinds Apartments	7/20/00	7/15/33	7,000	6,395
2001 Solara Court Apartments	1/01/01	12/01/34	8,200	5,844
2008 Bel Age Manor Apartments	2/01/08	2/01/44	22,350	22,003
2009 Lincoln Anaheim Apartment Phase B	5/15/09	4/15/39	<u>23,217</u>	<u>16,216</u>
Total			<u>\$121,056</u>	<u>\$103,447</u>

Mello-Roos Community Facilities Districts

In February 2007, the City issued \$9,060 in special tax bonds to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim. The bonds were authorized pursuant to the Mello-Roos Community Facilities Act of 1982. The bonds are payable from a special assessment tax and are non-recourse bonds secured by the properties. Neither the faith and credit nor the

taxing power of the City, the State of California or any political subdivision of either of the foregoing is pledged to the payment of the bonds. The bonds are not general or special obligations of the City, nor do they contain any credit enhancements that secondarily pledge existing or future resources of the City, accordingly they are not reflected in the accompanying basic financial statements. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agent. This activity is recorded in an agency fund in the basic financial statements. At June 30, 2010, the 2007 Mello-Roos bonds outstanding amounted to \$8,755.

In June 1989, the City issued \$26,620 in special tax bonds to finance a portion of the cost of acquisition and construction of facilities in East Anaheim Hills. The bonds were authorized pursuant to the Mello-Roos Community Facilities Act of 1982. In April 1995, \$15,389 of the 1989 bonds were advance refunded through the Anaheim Public Financing Authority and in June 2005, \$11,160 of the 1995 bonds were refunded through the Authority. In December 1999, \$7,720 of the 1989 bonds were refunded by the City. The 2005 and the 1999 bonds are payable from a special assessment tax and are non-recourse bonds secured by the properties. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision of either of the foregoing is pledged to the payment of the bonds. The bonds are not general or special obligations of the City, nor do they contain any credit enhancements that secondarily pledge existing or future resources of the City, accordingly they are not reflected in the accompanying basic financial statements. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agent. This activity is recorded in an agency fund in the basic financial statements. At June 30, 2010, the 2004 Anaheim Public Financing Authority bonds outstanding amounted to \$6,215, and the 1999 Mello-Roos bonds outstanding amounted to \$3,550.

NOTE 8 – SEGMENT INFORMATION:

The Sanitation Fund issued revenue bonds to finance sewer system expansion and improvements. The Sanitation Fund accounts for three activities: solid waste collection, wastewater, and street cleaning. However, investors in the revenue bonds rely solely on revenue generated through wastewater activities for repayment. Summary financial information for wastewater activities is presented below:

Condensed Statement of Net Assets

Assets:	
Cash and cash equivalents	\$ 5,223
Investments	10,618
Other current assets	1,924
Restricted cash and cash equivalents	31,412
Capital Assets, net	<u>72,281</u>
Total assets	<u>121,458</u>
Liabilities:	
Current liabilities	821
Current liabilities payable from restricted assets	1,357
Noncurrent liabilities	<u>47,422</u>
Total liabilities	<u>49,600</u>
Net Assets:	
Invested in capital assets, net of related debt	48,275
Restricted for debt services	86
Restricted for capital projects	5,342
Unrestricted	<u>18,155</u>
Total net assets	<u>\$ 71,858</u>

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

Waste water fees (pledged against bonds)	\$ 11,342
Depreciation and amortization	(1,377)
Other operating expenses	<u>(5,452)</u>
Total operating income	<u>4,513</u>
Nonoperating income (expenses)	
Interest income	416
Other nonoperating income	15
Interest expense	(1,831)
Capital contribution	57
Transfers out	<u>(413)</u>
Total nonoperating income expense	<u>(1,756)</u>
Change in net assets	2,757
Net assets at beginning of year	<u>69,101</u>
Net assets at end of year	<u>\$ 71,858</u>

Condensed Statement of Cash Flows

Net cash provided by (used in):	
Operating activities	\$ 5,221
Noncapital financing activities	(398)
Capital and related financing activities	(6,088)
Investing activities	<u>(2,817)</u>
Net decrease	(4,082)
Beginning cash and cash equivalents	<u>40,717</u>
Ending cash and cash equivalents	<u>\$ 36,635</u>

Reconciliation of cash and cash equivalents

Cash and cash equivalents	\$ 5,223
Restricted cash and cash equivalents	<u>31,412</u>
Total cash and cash equivalents	<u>\$ 36,635</u>

NOTE 9 – WESTGATE POLLUTION REMEDIATION OBLIGATION:

In June 2003, the Redevelopment Agency acquired property located at 2951 West Lincoln Avenue as a part of a redevelopment project named the Westgate project. Approximately 11 acres of the property were formerly known as the Sparks and Rains Landfills. The County of Orange was the operator of these landfills until 1960. In November 2008, the County agreed to pay the Redevelopment Agency \$5,176 in settlement of claims related to the pollution remediation for the Westgate project site prior to the development of a shopping center. The total costs of the pollution remediation work is estimated to be \$5,541 based on actual contract bids received or average cleanup costs applicable to the Project. The Redevelopment Agency anticipates no significant costs increases from the estimates. At June 30, 2010, the estimated outstanding pollution remediation obligation for the Westgate project was \$1,879.

NOTE 10 – RETIREMENT PLANS:

Retirement System

The City contributes to the California Public Employees’ Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California.

Benefit provisions and all other requirements are established by State statute and City ordinance. A copy of PERS' annual financial report may be obtained from its executive office at 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 8.0% (9.0% for fire and police safety employees) of their annual covered salary. For miscellaneous employees the City pays 7% of the participant contributions and the employee pays 1%. For police safety the city pays the entire 9% of the participant contributions. For fire safety employees, the entire 9% is paid by the employees. In addition, the City is required to contribute at an actuarially determined rate applied to annual covered payroll; the current rates are 16.249% for miscellaneous employees, 26.368% for police safety employees and 24.600% for fire safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2010, the City's annual pension cost of \$56,000 for PERS was equal to the City's required and actual contributions. The required contribution was determined as a part of the June 30, 2007 actuarial valuations.

The City's annual pension cost, the percentage of annual pension cost contributed to the plans, and the net pension obligation for the fiscal years ended June 30, 2008, 2009 and 2010 are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/08	\$49,947	100%	\$0
6/30/09	54,200	100%	\$0
6/30/10	56,000	100%	\$0

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plans were 81.9% funded. The actuarial accrued liability for benefits was \$1,722,964, resulting in an unfunded actuarial accrued liability (UAAL) of \$311,932. The covered payroll (annual payroll of active employees covered by the plans) was \$192,726 the ratio of the UAAL to the covered payroll was 161.9%.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual

required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information, which shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuations, the entry age actuarial cost method was used. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value). The PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization periods were 22 years for the miscellaneous plan and 30 years for safety police and fire plans for years of service unfunded.

Other Post-employment Benefits

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

Funding Policy

The contribution requirements of plan members and the City are established in accordance with City Personnel Resolutions and various Memoranda of Understanding. The retired plan members receiving benefits make varying contributions toward the cost of these benefits depending on the retiree's Medicare eligibility, year of hire, age and employee group. Retiree contributions for the fiscal year ended June 30, 2010 were 1.4% of total payroll.

In June 2008, the City joined the California Employer's Retiree Benefit Trust Program

(CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by PERS. A copy of the aggregated CERBT annual financial report may be obtained from the PERS office at 400 P Street, Sacramento, California 95814.

The City contributes an amount not less than the annual required contribution (ARC) of the employer. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The ARC rate for the fiscal year ended June 30, 2010 was 4.23% of total payroll.

Annual OPEB Cost and Net OPEB Asset

The City's annual OPEB cost, amount actually contributed to the plan, and changes in the City's net OPEB asset for the fiscal year ended June 30, 2010, are as follows:

ARC	\$ 7,261
Interest on net OPEB asset	(724)
Adjustment to ARC	571
Annual OPEB cost	<u>\$ 7,108</u>
Contributions made	\$ 7,262
Annual OPEB cost	(7,108)
Change in OPEB asset	154
Net OPEB asset - beginning of year	9,341
Net OPEB asset - end of year	<u>\$ 9,495</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the fiscal year ended June 30, 2010 are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>OPEB</u> <u>Asset</u>
6/30/08	\$9,594	747.2%	\$9,190
6/30/09	6,998	102.2%	9,341
6/30/10	7,108	102.2%	9,495

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was 40.5% funded. The actuarial accrued liability for benefits was \$155,728, resulting in an unfunded actuarial accrued liability (UAAL) of \$92,631. The covered payroll (annual payroll of active employees covered by the plan) was \$165,137, and the ratio of the

UAAL to the covered payroll was 56.1%.

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

Actuarial Methods and Assumptions

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

In the July 1, 2008, actuarial valuation, the entry age normal cost method was used. The actuarial assumption included a 7.75% investment rate of return, an annual healthcare cost trend rate of ranging from 8.00% - 13.00% initially and declining to 5.00% by 2018, and an inflation factor of 3.00%. The OPEB unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 30-year period.

NOTE 11 – JOINT VENTURES AND JOINTLY-OWNED PROPERTIES:

Authority for Orange County - City Hazardous Materials Emergency Response

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

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

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

At the direction of the Hazmat Board, revenues are disbursed to the provider agencies at the end of each preceding quarter. Unaudited financial information for the joint powers authority as of and for the year ended June 30, 2010, was as follows:

Total assets	\$122
Total liabilities	61
Members' equity	61
Total revenues	224
Total expenses	179
Revenues over expenses	45

Hazmat does not have any debt outstanding at June 30, 2010.

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

Metro Cities Fire Authority

The City participates in a joint powers authority, Metro Cities Fire Authority (Fire Authority), for the purpose of providing a central communication network and record keeping system to support fire suppression, emergency medical assistance, rescue service, and related services provided by the members of the Fire Authority.

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

Public entities in Orange County may receive services from the Fire Authority by executing an agreement and paying a fair share contribution. Unaudited financial information for the Fire Authority as of and for the year ended June 30, 2010, was as follows:

Total assets	\$3,702
Total liabilities	2,272
Members' equity	1,430
Total revenues	5,259
Total expenses	5,234
Revenues over expenses	25

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

Jointly-owned utility plants

The City's Electric Utility owns a 10.04% ownership interest in the coal-fired San Juan Generating Station, Unit 4 (SJ), located near Waterflow, New Mexico. The other participants in SJ and their respective ownership include: Public Service of New Mexico, 45.48%; City of Farmington, New Mexico, 8.48%; County of Los Alamos, New Mexico, 7.20%; and M-S-R Public Power Agency, 28.80%. There are no separate financial statements for this venture, as each participant's interest in the utility plant is included in their respective financial statements. The City's cumulative share of construction costs included in the utility plant at June 30, 2010, amounted to \$78,244. The City's bonded indebtedness incurred to finance the purchase of the 10.04% ownership interest is also included in the basic financial statements.

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

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES:

Intermountain Power Agency

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

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

The contract constitutes an obligation of the Electric Utility to make payments from revenues and requires payment of certain minimum charges. These minimum charges include debt service requirements on the financial obligations used to

construct the plant. These requirements are considered a cost of purchased power.

Southern California Public Power Authority

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

<u>Transmission</u>	<u>Entitlement</u>	<u>Expiration</u>
Soutner Transmission System (STS)	17.6%	2027
Mead-Adelanto Project (MAP)	13.5%	2030
Mead-Phoenix Project (MPP)	24.2%	2030
<u>Generation</u>	<u>Entitlement</u>	<u>Expiration</u>
Hoover Dam Uprating (Hoover)	42.6%	2018
Magnolia Generating Station (Magnolia)	38.0%	2037
Natural Gas Reserve Projects:		
SCPPA Natural Gas Project - Pinedale, Wyoming	35.7%	2033
SCPPA Natural Gas Project - Barnett, Texas	45.5%	2033

Take or pay commitments

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

<u>Fiscal Year Ending 6/30</u>	<u>IPA</u>	<u>STS</u>	<u>MAP</u>	<u>MPP</u>	<u>Hoover</u>	<u>Magnolia</u>	<u>Natural Gas</u>	<u>Total</u>
2011	\$ 39,642	\$ 13,729	\$ 2,460	\$ 1,557	\$ 957	\$ 6,118	\$ 9,175	\$ 73,638
2012	41,560	16,633	3,089	1,923	956	8,761	9,836	82,758
2013	39,083	15,027	3,086	1,922	958	8,759	8,096	76,931
2014	38,297	15,071	3,091	1,925	957	8,765	7,369	75,475
2015	39,239	15,131	3,063	1,611	958	8,766	7,147	75,915
2016-2020	152,145	75,884	14,671	7,876	2,870	38,172	30,443	322,061
2021-2025	60,401	56,885	2,914	1,559		35,566	19,765	177,090
2026-2030		12,727				38,027	15,655	66,409
2031-2035						39,337	3,816	43,153
2036-2040						34,332		34,332
Total	\$410,367	\$221,087	\$32,374	\$18,373	\$7,656	\$226,603	\$111,302	\$1,027,762

In addition to debt service, the City's entitlement requires the payment for fuel costs, operations and maintenance (O&M), administration and general (A&G) and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service, however, prior experience indicates that annual costs are generally consistent from year to year. The fiscal year 2010 expenses for fuel, O&M, A&G and other costs at these projects were as follows:

<u>Fiscal Year</u>	<u>IPA</u>	<u>STS</u>	<u>MAP</u>	<u>MPP</u>	<u>Hoover</u>	<u>Magnolia</u>	<u>Natural Gas</u>	<u>Total</u>
2010	\$51,489	\$3,219	\$286	\$150	\$369	\$30,259	\$764	\$86,536

Operating Leases

In April 2001, the Redevelopment Agency entered into an agreement with Katella Operating Properties II, LLC to sublicense/sublease an 8.9 acre Southern California Edison easement (easement) located between Anaheim Boulevard and Claudina Way. The Redevelopment Agency gained long term control of the property as part of its overall efforts to redevelop the area for hotel or commercial development. The term of the sublicense/sublease is for 40 years commencing on May 1, 2001 and ending on April 30, 2041. The Agreement was amended on October 15, 2003 to extend the term of the lease to February 28, 2043. In January 2003, the Redevelopment Agency converted its sublicense to a sublease and is paying \$34 in monthly rent through January 2006. The agreement also provides for the rent to increase by 6% every 3 years. Future minimum lease payments to be made from unrestricted revenues of the Redevelopment Agency Capital Project Funds are as follows:

<u>Fiscal Year Ending June 30</u>	
2011	\$ 452
2012	464
2013	479
2014	479
2015	492
2016-2020	2,614
2021-2025	2,885
2026-2030	3,167
2031-2035	3,498
2036-2040	3,861
2041-2044	<u>2,213</u>
	<u>\$20,604</u>

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

Fiscal Year Ending June 30

2011	\$ 67
2012	67
2013	71
2014	72
2015	72
2016-2020	388
2021-2025	426
2026-2030	467
2031-2035	519
2036-2039	335
	<u>\$2,484</u>

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

Fiscal Year Ending June 30

2011	\$ 86
2012	86
2013	86
2014	86
2015	95
2016-2020	491
2021-2025	551
2026-2030	617
2031-2035	706
2036-2040	791
2041-2045	887
2046-2050	994
2051-2055	1,137
2056-2057	490
	<u>\$7,103</u>

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

Fiscal Year Ending June 30

2011	\$ 54
2012	54
2013	54
2014	54
2015	57
2016-2020	299
2021-2025	329
2026-2030	362
2031-2035	398
2036-2040	438
2041-2044	429
	<u>\$2,528</u>

Total minimum future rentals

Lincoln Anaheim Apartments, Phase B

In April 2009, the Redevelopment Agency entered into a conditional loan commitment agreement with Lincoln Anaheim II Housing Partners, L.P. (developer), to provide an alternate source of permanent financing for a 74-unit affordable housing development at 1275-1287 E. Lincoln Avenue. The State of California Department of Housing and Community Development (HCD) issued a permanent loan commitment to the developer in the amount of \$6,700 under the multi-family Housing Program (MHP) but may not be able to satisfy the commitment. In the event that HCD could not honor the commitment, the Redevelopment Agency would provide a loan of up to \$5,900, which would be repaid from the development's annual residual receipts.

The Honda Center

Effective December 16, 2003, the City and Anaheim Arena Management LLC (AAM) entered into a Facility Management Agreement (FMA) whereby AAM has the exclusive right and license to manage, maintain and operate all aspects of the Honda Center in accordance with the FMA through June 30, 2023 with an option to extend the term for an additional period not to exceed 10 years. Annual distributions to the City, AAM and the County of Orange are required for their respective share of adjusted net revenues, as defined in the FMA. In the event that cash on hand is insufficient to pay operating expenses, debt service, distributions to the City, the County of Orange, or other amounts payable, AAM shall make or cause an affiliate or third-party lending institution to make loans for such purposes, as defined in the FMA. Such funds will be repaid from gross revenues or adjusted net revenues, if any, as defined in and in accordance with disbursement priorities established in the FMA. At June 30, 2010, the outstanding conduit debt on the Honda Center totaled \$36,000. The debt is non-recourse, payable from revenues generated by the facility. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the debt. The debt is not a general or special obligation of the City, nor does it contain any credit enhancements that secondarily pledge existing or future resources of the City (other than revenues generated by the facility), and accordingly it is not reflected in the accompanying basic financial statements.

On January 26, 1999, the City entered into a series of lease transactions for the Honda Center. Under these transactions, the City leased the Honda Center to a third party trustee acting for the benefit of an equity investor for a term of approximately 39.2 years. The trustee sublet the facility back to the City for 20 years, which was shorter than the then remaining term of the management agreement between the third-party manager at that time (Manager) and the City in consideration of an advance rental payment for the entire lease term. At the end of the sublease, the City has a purchase option to purchase the trustee's rights under the lease for a fixed amount. The advance rent payments to the City were deposited into a trust fund and invested. The cash scheduled to be available from this trust fund is sufficient to pay the City's rent payments for the term of the sublease and to exercise the City's purchase option at the end of the sublease. The excess of the amount of the advance rent payment made by the trustee to the City over the deposit to the trust funds, after the payment of transaction expenses and payment to the Manager for agreeing to pledge its interest as Manager under the management agreement then in effect and agreeing to undertake certain additional obligations to the transaction, was approximately \$4,000. This amount was recognized by the City as deferred revenue and is being amortized over the sublease term. The City has secured its obligations to the other parties to these lease transactions by a pledge of its respective interest in revenues from the facility, subordinate (with certain exceptions) to any interests of the debt holders of the facility. The City's obligations under these lease transactions are considered to be defeased in substance, and therefore the related liabilities as well as

the trust assets have been excluded from the City's financial statements. The City's and AAM's respective rights under the FMA are subject in certain respects to the effect of the 1999 lease transaction.

Angel Stadium of Anaheim

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

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

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

maximum of \$240 in any given year. The City may elect to terminate the agreement prior to expiration of the term under certain conditions, and pay the unamortized balance of capital assets purchased during the term to Nederlander. Concurrent with the amendment to the management agreement, the parking license fee agreement was amended, wherein the parking license fees from Nederlander were reduced to \$176 and are subject to adjustment annually based on CPI increases. Nederlander paid the City \$177 for the year ended June 30, 2010 for parking and common area maintenance.

Muzeo

In October 2007, the City and Redevelopment Agency entered into a property operating agreement with the Muzeo Foundation to operate and provide programming for the Muzeo, the downtown museum. The property operating agreement is for a term of 30 years and provides for a line of credit for the first 3 years from the City to the Muzeo Foundation in an amount not to exceed \$1,000 or 95% of pledges at an annual interest rate of 5%. At June 30, 2010, the Muzeo Foundation has drawn \$114 from the line of credit.

Avon/Dakota

In June 2010, the Anaheim Redevelopment Agency, the Anaheim Housing Authority and the City of Anaheim entered into a cooperation agreement to provide funding for a Neighborhood Revitalization Agreement for the Avon/Dakota neighborhood between the Anaheim Housing Authority and the Related Companies of California, LLC, a California limited liability company (developer). The Avon/Dakota neighborhood revitalization plan may include property acquisitions and rehabilitation by the developer. The City has committed \$3,000 in HOME grant funds, \$663 in Neighborhood Stabilization Program (NSP) funds, and \$96 in CDBG funds to the project. The Redevelopment Agency's Housing Fund (Housing Set-aside) has committed \$1,041 to the project.

Litigation

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

Grants

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

Construction and other significant commitments

At June 30, 2010, the City had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Commitment</u>	<u>Date</u>
Anaheim Fixed-Guideway	\$ 1,547	2011
Anaheim Regional Transportation Intermodal Center	18,285	2013
Citywide Sanitary System Repair and Rehabilitation	1,300	2011
Citywide Corridor Illuminated Street Sign Replacement	1,237	2011
Colony Park Phase III Affordable Housing Project	4,755	2013
Colony Park Phase III Improvements and Developments	2,588	2013
Colony Park Underground Phase II	939	2010
Katella Street Improvement	5,049	2011
Mohler/Country Hill Loop Underground Rehabilitation	491	2010
Motor Operator Assembly Equipment	590	2011
Nohl Canyon Tank	428	2010
Packing House Rehabilitation	8,248	2012
Parkview Pump Station Upgrade	535	2010
SCADA WAN and LAN Equipment	490	2011
Thornton Avenue/Brady Avenue Storm Drain	1,222	2010
Underground District No. 48, Harbor	4,609	2011
Underground District No. 49, Sunkist	1,484	2011
Underground District No. 51 and 56 Lincoln/Magnolia	14,750	2012
Water Street Sanitary Sewer Improvement	1,316	2011
Well No. 54 Next to Anaheim Substation	540	2010
Well No. 56 at Willow Park	808	2011

NOTE 13 – SUBSEQUENT EVENTS:

On July 30, 2010, the City received the remaining \$7,000 of the total \$15,000 HUD Section 108 loan. The loan bears interest ranging from 0.6% to 4.5% and is payable over 20 years beginning on February 1, 2011 until August 1, 2030. Debt service requirements average \$494 per year and will be paid from the Redevelopment Agency's future property tax increment. Proceeds of the loan will be used to rehab the historic Packing House site.

On October 28, 2010 the Water Utility received the proceeds from the sale of the Anaheim Public Financing Authority (Authority) Revenue Bonds, 2010-A Series (Tax Exempt), true interest cost (TIC) 2.19% dated October 28, 2010 in the amount of \$4,835, maturing serially through October 1, 2021 and also the proceeds from the sale of the Authority's Revenue Bonds 2010-B Series (Federally Taxable Build America Bonds), TIC 3.64%, dated October 28, 2010 in the amount of \$29,690, maturing serially through October 1, 2040. The annual principal installments, which begin June 30, 2014, range from \$120 to \$5,645 at rates ranging from 2.0% to 5.7%. The bonds were issued by the Authority for the purpose of providing financing for the acquisition and construction of new storage facilities, wells, pumping facilities and various other capital projects of the Water Utility. The revenues of the Water Utility have been pledged to pay this long-term obligation.

On October 28, 2010, the Redevelopment Agency issued the Recovery Zone Bonds in the principal amount of \$6,570 at rates ranging from 1.4% to 7.1%. Debt service requirements, beginning February 1, 2011 through February 1, 2031, average \$585 per year and will be paid from the property tax increment. Bond proceeds, net of bond reserve requirements and costs of issuance of \$5,782, will be used to fund improvements in the Downtown and Canyon areas of the merged project area.

Required Supplementary Information

(In thousands)

Miscellaneous Employees Retirement System – Schedule of Funding Progress

Actuarial Valuation Date	(A)	(B)	(C)	(D)		(E)	(F)
	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability (UL) (A) - (B)	Funded Ratios		Annual Covered Payroll	UL as a % of Payroll (C)/(E)
				AVA (A)/(B)	Market Value		
6/30/07	\$665,092	\$762,960	\$ 97,868	87.2%	100.6%	\$113,179	86.5%
6/30/08	713,184	820,145	106,961	87.0%	88.3%	118,656	90.1%
6/30/09	747,033	918,508	171,475	81.3%	59.1%	120,606	142.2%

Police Safety Employees Retirement System – Schedule of Funding Progress

Actuarial Valuation Date	(A)	(B)	(C)	(D)		(E)	(F)
	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability (UL) (A) - (B)	Funded Ratios		Annual Covered Payroll	UL as a % of Payroll (C)/(E)
				AVA (A)/(B)	Market Value		
6/30/07	\$366,663	\$425,139	\$58,476	86.2%	100.2%	\$40,323	145.0%
6/30/08	392,206	457,588	65,382	85.7%	87.6%	44,224	147.8%
6/30/09	411,137	496,423	85,286	82.8%	60.5%	46,022	185.3%

Fire Safety Employees Retirement System – Schedule of Funding Progress

Actuarial Valuation Date	(A)	(B)	(C)	(D)		(E)	(F)
	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability (UL) (A) - (B)	Funded Ratios		Annual Covered Payroll	UL as a % of Payroll (C)/(E)
				AVA (A)/(B)	Market Value		
6/30/07	\$229,673	\$265,040	\$35,367	86.7%	100.7%	\$22,336	158.3%
6/30/08	242,714	278,250	35,536	87.2%	89.3%	23,658	150.2%
6/30/09	252,862	308,033	55,171	82.1%	60.0%	26,098	211.4%

Other Post-employment Benefits – Schedule of Funding Progress

Actuarial Valuation Date	(A)	(B)	(C)	(D)		(E)	(F)
	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability (UL) (A) - (B)	Funded Ratios		Annual Covered Payroll	UL as a % of Payroll (C)/(E)
				AVA (A)/(B)	Market Value		
7/01/06	\$	\$130,328	\$130,328	0.0%	0.0%	\$152,602	85.4%
7/01/08	63,097	155,728	92,631	40.5%	40.5%	165,137	56.1%

See accompanying independent auditor's report.



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NONMAJOR GOVERNMENTAL FUNDS



NONMAJOR GOVERNMENTAL FUNDS

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

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

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

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - Established to account for financing of rehabilitation of privately held homes and government infrastructure. Financing is provided by the Federal Housing and Community Development Act.

COMMUNITY SERVICES FACILITIES FUND - Established to account for the development of new park sites, playgrounds, and other community facilities. Financing is provided by Federal and State reimbursement programs in conjunction with fees charged to residential and commercial developers.

SEWER AND STORM DRAIN CONSTRUCTION FUND - Established to account for the construction of the City's sewer and storm drain system. Financing is provided by fees charged to residential and commercial developers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Combining Balance Sheet

Nonmajor Governmental Funds by Fund Type

June 30, 2010 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,921	\$ 3,957	\$ 12,069	\$ 24,947
Investments	18,139	8,046	24,538	50,723
Accounts receivable, net	880		68	948
Accrued interest receivable	150	123	171	444
Notes receivable	29,477		8,840	38,317
Due from other funds	2,764		20,805	23,569
Due from other governments	36,732	557	4,670	41,959
Land held for resale, net	12,573		33,482	46,055
Prepaid and other assets	3,584	3	748	4,335
Restricted cash and cash equivalents	2,119	25,188	519	27,826
Restricted investments		34,501	291	34,792
Total assets	<u>\$115,339</u>	<u>\$72,375</u>	<u>\$106,201</u>	<u>\$293,915</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 6,053	\$ 3,173	\$ 5,472	\$ 14,698
Wages payable	419		85	504
Deposits	15		1,088	1,103
Due to other funds	12,956		12,458	25,414
Deferred revenues	58,040		13,465	71,505
Total liabilities	<u>77,483</u>	<u>3,173</u>	<u>32,568</u>	<u>113,224</u>
Fund balances:				
Reserved for noncurrent due from other funds			10,397	10,397
Reserved for debt service		69,043		69,043
Reserved for land held for resale	12,573		33,482	46,055
Reserved for prepaid and other assets	3,584	3	748	4,335
Reserved for grant purposes			483	483
Unreserved - designated for debt service		156		156
Unreserved - designated for capital projects	6,820		31,899	38,719
Unreserved - undesignated	14,879		(3,376)	11,503
Total fund balances	<u>37,856</u>	<u>69,202</u>	<u>73,633</u>	<u>180,691</u>
Total liabilities and fund balances	<u>\$115,339</u>	<u>\$72,375</u>	<u>\$106,201</u>	<u>\$293,915</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds by Fund Type
Year Ended June 30, 2010 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ 4,417	\$ 48,404		\$ 52,821
Licenses, fees and permits	3,455		\$ 1,704	5,159
Intergovernmental revenues	58,932	5	4,620	63,557
Charges for services	144			144
Use of money and property	1,801	938	3,485	6,224
Other	511		575	1,086
Total revenues	<u>69,260</u>	<u>49,347</u>	<u>10,384</u>	<u>128,991</u>
Expenditures:				
Current:				
City Attorney	120			120
Finance		26	29	55
Police	7,004		4	7,008
Fire	704		170	874
Community Development	22,993	17,463	15,282	55,738
Planning	1,644			1,644
Public Works	5,319	1	602	5,922
Community Services	1,449		421	1,870
Capital outlay	41,201		20,658	61,859
Debt service:				
Principal retirement	120	11,341	272	11,733
Interest charges	91	32,631	617	33,339
Total expenditures	<u>80,645</u>	<u>61,462</u>	<u>38,055</u>	<u>180,162</u>
Deficiency of revenues under expenditures	<u>(11,385)</u>	<u>(12,115)</u>	<u>(27,671)</u>	<u>(51,171)</u>
Other financing sources (uses):				
Transfers in	7,867	31,821	16,583	56,271
Transfers out	(3,957)	(20,658)	(2,797)	(27,412)
Issuance of loan payable	8,000			8,000
Claims settlement proceeds	750			750
Total other financing sources	<u>12,660</u>	<u>11,163</u>	<u>13,786</u>	<u>37,609</u>
Net change in fund balances	1,275	(952)	(13,885)	(13,562)
Fund balances at beginning of year	<u>36,581</u>	<u>70,154</u>	<u>87,518</u>	<u>194,253</u>
Fund balances at end of year	<u>\$ 37,856</u>	<u>\$ 69,202</u>	<u>\$ 73,633</u>	<u>\$ 180,691</u>

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2010 (In thousands)

	<u>Gas Tax and Roads</u>	<u>Workforce Development</u>	<u>Community Development Block Grant</u>	<u>Community Services Facilities</u>	<u>Sewer and Storm Drain Construction</u>
ASSETS					
Cash and cash equivalents				\$2,021	\$ 691
Investments				4,108	1,404
Accounts receivable, net		\$ 2		712	166
Accrued interest receivable			\$ 1	33	27
Notes receivable			5,917		
Due from other funds					2,723
Due from other governments	\$29,943	611	819	7	
Land held for resale, net					
Prepaid and other assets	3,541	19		1	
Restricted cash and cash equivalents			2,119		
Total assets	<u>\$33,484</u>	<u>\$632</u>	<u>\$8,856</u>	<u>\$6,882</u>	<u>\$5,011</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,982	\$458	\$ 856	\$ 494	
Wages payable	88	44	75	2	
Deposits					
Due to other funds	11,786	113	442		
Deferred revenues	<u>23,175</u>	<u>10</u>	<u>6,423</u>	<u>712</u>	<u>\$ 166</u>
Total liabilities	<u>37,031</u>	<u>625</u>	<u>7,796</u>	<u>1,208</u>	<u>166</u>
Fund balances (deficits):					
Reserved for land held for resale					
Reserved for prepaid and other assets	3,541	19		1	
Unreserved - designated for capital projects			1,060		
Unreserved - undesignated	<u>(7,088)</u>	<u>(12)</u>		<u>5,673</u>	<u>4,845</u>
Total fund balances (deficits)	<u>(3,547)</u>	<u>7</u>	<u>1,060</u>	<u>5,674</u>	<u>4,845</u>
Total liabilities and fund balances (deficits)	<u>\$33,484</u>	<u>\$632</u>	<u>\$8,856</u>	<u>\$6,882</u>	<u>\$5,011</u>

(continued)

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010 (In thousands) (continued)

	Grants	Anaheim Resort Maintenance District	Narcotic Asset Forfeiture	Redevelopment Housing Set-Aside	Total
ASSETS					
Cash and cash equivalents	\$ 625	\$2,064	\$1,264	\$ 2,256	\$ 8,921
Investments	1,272	4,196	2,571	4,588	18,139
Accounts receivable, net					880
Accrued interest receivable	14	31	18	26	150
Notes receivable	10,337			13,223	29,477
Due from other funds	41				2,764
Due from other governments	5,352				36,732
Land held for resale, net				12,573	12,573
Prepaid and other assets				23	3,584
Restricted cash and cash equivalents					2,119
Total assets	<u>\$17,641</u>	<u>\$6,291</u>	<u>\$3,853</u>	<u>\$32,689</u>	<u>\$115,339</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,608	\$ 186	\$ 30	\$ 439	\$ 6,053
Wages payable	135	13	21	41	419
Deposits				15	15
Due to other funds				615	12,956
Deferred revenues	<u>14,331</u>			<u>13,223</u>	<u>58,040</u>
Total liabilities	<u>16,074</u>	<u>199</u>	<u>51</u>	<u>14,333</u>	<u>77,483</u>
Fund balances (deficits):					
Reserved for land held for resale				12,573	12,573
Reserved for prepaid and other assets				23	3,584
Unreserved - designated for capital projects				5,760	6,820
Unreserved - undesignated	<u>1,567</u>	<u>6,092</u>	<u>3,802</u>		<u>14,879</u>
Total fund balances (deficits)	<u>1,567</u>	<u>6,092</u>	<u>3,802</u>	<u>18,356</u>	<u>37,856</u>
Total liabilities and fund balances (deficits)	<u>\$17,641</u>	<u>\$6,291</u>	<u>\$3,853</u>	<u>\$32,689</u>	<u>\$115,339</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Special Revenue Funds
Year Ended June 30, 2010 (In thousands)

	<u>Gas Tax and Roads</u>	<u>Workforce Development</u>	<u>Community Development Block Grant</u>	<u>Community Services Facilities</u>	<u>Sewer and Storm Drain Construction</u>
Revenues:					
Property taxes					
Licenses, fees and permits	\$ 32			\$2,816	\$ 607
Intergovernmental revenues	28,726	\$5,622	\$ 7,840	454	
Charges for services	140				
Use of money and property	5		45	248	79
Other	8		258		
Total revenues	<u>28,911</u>	<u>5,622</u>	<u>8,143</u>	<u>3,518</u>	<u>686</u>
Expenditures:					
Current:					
City Attorney			120		
Police					
Fire					
Community Development		5,360	3,569		
Planning	53		1,591		
Public Works	1,731		2		81
Community Services			1,158	190	
Capital outlay	22,991		8,490	1,067	35
Debt service:					
Principal retirement					
Interest charges			5		
Total expenditures	<u>24,775</u>	<u>5,360</u>	<u>14,935</u>	<u>1,257</u>	<u>116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,136</u>	<u>262</u>	<u>(6,792)</u>	<u>2,261</u>	<u>570</u>
Other financing sources (uses):					
Transfers in	64		11		
Transfers out	(2,000)		(3)	(773)	
Issuance of loan payable			8,000		
Claims settlement proceeds					
Total other financing sources (uses)	<u>(1,936)</u>		<u>8,008</u>	<u>(773)</u>	
Net change in fund balances (deficits)	2,200	262	1,216	1,488	570
Fund balances (deficits) at beginning of year	(5,747)	(255)	(156)	4,186	4,275
Fund balances (deficits) at end of year	<u>\$ (3,547)</u>	<u>\$ 7</u>	<u>\$ 1,060</u>	<u>\$5,674</u>	<u>\$4,845</u>

(continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Special Revenue Funds
Year Ended June 30, 2010 (In thousands) (continued)

	<u>Grants</u>	<u>Anaheim Resort Maintenance District</u>	<u>Narcotic Asset Forfeiture</u>	<u>Redevelopment Housing Set-Aside</u>	<u>Total</u>
Revenues:					
Property taxes		\$4,417			\$ 4,417
Licenses, fees and permits					3,455
Intergovernmental revenues	\$13,125		\$3,165		58,932
Charges for services		4			144
Use of money and property	59	152	49	\$ 1,164	1,801
Other	52			193	511
Total revenues	<u>13,236</u>	<u>4,573</u>	<u>3,214</u>	<u>1,357</u>	<u>69,260</u>
Expenditures:					
Current:					
City Attorney					120
Police	5,020		1,984		7,004
Fire	704				704
Community Development Planning	4,884			9,180	22,993
Public Works		3,505			1,644
Community Services	101				5,319
Capital outlay	2,015		132	6,471	1,449
Debt service:					41,201
Principal retirement			120		120
Interest charges			86		91
Total expenditures	<u>12,724</u>	<u>3,505</u>	<u>2,322</u>	<u>15,651</u>	<u>80,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>512</u>	<u>1,068</u>	<u>892</u>	<u>(14,294)</u>	<u>(11,385)</u>
Other financing sources (uses):					
Transfers in	48	200		7,544	7,867
Transfers out	(901)			(280)	(3,957)
Issuance of loan payable					8,000
Claims settlement proceeds				750	750
Total other financing sources (uses)	<u>(853)</u>	<u>200</u>	<u>—</u>	<u>8,014</u>	<u>12,660</u>
Net change in fund balances (deficits)	(341)	1,268	892	(6,280)	1,275
Fund balances (deficits) at beginning of year	<u>1,908</u>	<u>4,824</u>	<u>2,910</u>	<u>24,636</u>	<u>36,581</u>
Fund balances (deficits) at end of year	<u>\$ 1,567</u>	<u>\$6,092</u>	<u>\$3,802</u>	<u>\$ 18,356</u>	<u>\$37,856</u>

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds
 Year Ended June 30, 2010** (In thousands)

	Gas Tax and Roads			Workforce Development		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes						
Licenses, fees and permits	\$ 30	\$ 32	\$ 2			
Intergovernmental revenues	49,500	28,726	(20,774)	\$7,434	\$5,622	\$(1,812)
Charges for services	559	140	(419)			
Use of money and property		5	5			
Other	8	8	-			
Total revenues	<u>50,097</u>	<u>28,911</u>	<u>(21,186)</u>	<u>7,434</u>	<u>5,622</u>	<u>(1,812)</u>
Expenditures:						
City Attorney						
Police						
Fire						
Community Development Planning	53	53		7,179	5,360	(1,819)
Public Works	39,682	24,722	(14,960)			
Community Services						
Total expenditures	<u>39,735</u>	<u>24,775</u>	<u>(14,960)</u>	<u>7,179</u>	<u>5,360</u>	<u>(1,819)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,362</u>	<u>4,136</u>	<u>(6,226)</u>	<u>255</u>	<u>262</u>	<u>7</u>
Other financing sources (uses):						
Transfers in	64	64				
Transfers out	(4,580)	(2,000)	2,580			
Issuance of loan payable						
Claims settlement proceeds						
Total other financing sources (uses)	<u>(4,516)</u>	<u>(1,936)</u>	<u>2,580</u>			
Net change in fund balances (deficits)	5,846	2,200	(3,646)	255	262	7
Fund balances (deficits) at beginning of year	(5,747)	(5,747)		(255)	(255)	
Fund balances (deficits) at end of year	<u>\$ 99</u>	<u>(3,547)</u>	<u>\$ (3,646)</u>	<u>\$ 7</u>	<u>7</u>	<u>\$ 7</u>
Adjustments to reconcile to GAAP:						
Proceeds on sale of land held for resale						
Transfer of land held for resale to Redevelopment Projects						
Purchases of land held for resale						
Conversion of land held for resale to capital assets						
Decline in value of land held for resale						
Ending fund balances (deficit) – GAAP basis		<u>\$ (3,547)</u>			<u>\$ 7</u>	

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2010 (In thousands) (continued)

	Community Development Block Grant			Community Services Facilities		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes						
Licenses, fees and permits					\$2,816	\$ 2,816
Intergovernmental revenues	\$11,745	\$ 7,840	\$(3,905)	\$ 1,250	454	(796)
Charges for services				384		(384)
Use of money and property	30	45	15	191	248	57
Other		258	258			
Total revenues	<u>11,775</u>	<u>8,143</u>	<u>(3,632)</u>	<u>1,825</u>	<u>3,518</u>	<u>1,693</u>
Expenditures:						
City Attorney	120	120				
Police						
Fire						
Community Development	15,603	11,354	(4,249)			
Planning	1,606	1,591	(15)			
Public Works	890	710	(180)			
Community Services	<u>1,400</u>	<u>1,160</u>	<u>(240)</u>	<u>4,251</u>	<u>1,257</u>	<u>(2,994)</u>
Total expenditures	<u>19,619</u>	<u>14,935</u>	<u>(4,684)</u>	<u>4,251</u>	<u>1,257</u>	<u>(2,994)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,844)</u>	<u>(6,792)</u>	<u>1,052</u>	<u>(2,426)</u>	<u>2,261</u>	<u>4,687</u>
Other financing sources (uses):						
Transfers in		11	11			
Transfers out	(7,000)	(3)	6,997		(773)	(773)
Issuance of loan payable	15,000	8,000	(7,000)			
Claims settlement proceeds						
Total other financing sources (uses)	<u>8,000</u>	<u>8,008</u>	<u>8</u>		<u>(773)</u>	<u>(773)</u>
Net change in fund balances (deficits)	156	1,216	1,060	(2,426)	1,488	3,914
Fund balances (deficits) at beginning of year	(156)	(156)		4,186	4,186	
Fund balances (deficits) at end of year	<u>\$</u>	<u>1,060</u>	<u>\$ 1,060</u>	<u>\$ 1,760</u>	<u>5,674</u>	<u>\$ 3,914</u>
Adjustments to reconcile to GAAP:						
Proceeds on sale of land held for resale						
Transfer of land held for resale to Redevelopment Projects						
Purchases of land held for resale						
Conversion of land held for resale to capital assets						
Decline in value of land held for resale						
Ending fund balances (deficit) – GAAP basis		<u>\$ 1,060</u>			<u>\$5,674</u>	

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2010 (In thousands) (continued)

	Sewer and Storm Drain Construction			Grants		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes						
Licenses, fees and permits	\$ 202	\$ 607	\$ 405			
Intergovernmental revenues				\$28,132	\$13,125	\$(15,007)
Charges for services						
Use of money and property		79	79	69	59	(10)
Other				51	52	1
Total revenues	<u>202</u>	<u>686</u>	<u>484</u>	<u>28,252</u>	<u>13,236</u>	<u>(15,016)</u>
Expenditures:						
City Attorney						
Police				17,807	6,204	(11,603)
Fire				980	704	(276)
Community Development Planning				10,455	4,884	(5,571)
Public Works	1,020	116	(904)			
Community Services				1,368	932	(436)
Total expenditures	<u>1,020</u>	<u>116</u>	<u>(904)</u>	<u>30,610</u>	<u>12,724</u>	<u>(17,886)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(818)</u>	<u>570</u>	<u>1,388</u>	<u>(2,358)</u>	<u>512</u>	<u>2,870</u>
Other financing sources (uses):						
Transfers in				450	48	(402)
Transfers out					(901)	(901)
Issuance of loan payable						
Claims settlement proceeds						
Total other financing sources (uses)				<u>450</u>	<u>(853)</u>	<u>(1,303)</u>
Net change in fund balances (deficits)	(818)	570	1,388	(1,908)	(341)	1,567
Fund balances (deficits) at beginning of year	<u>4,275</u>	<u>4,275</u>		<u>1,908</u>	<u>1,908</u>	
Fund balances (deficits) at end of year	<u>\$3,457</u>	<u>4,845</u>	<u>\$1,388</u>	<u>\$</u>	<u>1,567</u>	<u>\$ 1,567</u>
Adjustments to reconcile to GAAP:						
Proceeds on sale of land held for resale						
Transfer of land held for resale to Redevelopment Projects						
Purchases of land held for resale						
Conversion of land held for resale to capital assets						
Decline in value of land held for resale						
Ending fund balances (deficit) – GAAP basis		<u>\$4,845</u>			<u>\$ 1,567</u>	

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds
 Year Ended June 30, 2010** (In thousands) (continued)

	Anaheim Resort Maintenance District			Narcotic Asset Forfeiture		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes	\$4,345	\$4,417	\$ 72			
Licenses, fees and permits						
Intergovernmental revenues				\$ 1,157	\$3,165	\$2,008
Charges for services	4	4				
Use of money and property	127	152	25	53	49	(4)
Other						
Total revenues	<u>4,476</u>	<u>4,573</u>	<u>97</u>	<u>1,210</u>	<u>3,214</u>	<u>2,004</u>
Expenditures:						
City Attorney						
Police				2,569	2,322	(247)
Fire						
Community Development						
Planning						
Public Works	5,416	3,505	(1,911)			
Community Services						
Total expenditures	<u>5,416</u>	<u>3,505</u>	<u>(1,911)</u>	<u>2,569</u>	<u>2,322</u>	<u>(247)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(940)</u>	<u>1,068</u>	<u>2,008</u>	<u>(1,359)</u>	<u>892</u>	<u>2,251</u>
Other financing sources (uses):						
Transfers in	200	200				
Transfers out						
Issuance of loan payable						
Claims settlement proceeds						
Total other financing sources (uses)	<u>200</u>	<u>200</u>				
Net change in fund balances (deficits)	(740)	1,268	2,008	(1,359)	892	2,251
Fund balances (deficits) at beginning of year	<u>4,824</u>	<u>4,824</u>		<u>2,910</u>	<u>2,910</u>	
Fund balances (deficits) at end of year	<u>\$4,084</u>	<u>6,092</u>	<u>\$ 2,008</u>	<u>\$ 1,551</u>	<u>3,802</u>	<u>\$2,251</u>
Adjustments to reconcile to GAAP:						
Proceeds on sale of land held for resale						
Transfer of land held for resale to Redevelopment Projects						
Purchases of land held for resale						
Conversion of land held for resale to capital assets						
Decline in value of land held for resale						
Ending fund balances (deficit) – GAAP basis		<u>\$6,092</u>			<u>\$3,802</u>	

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2010 (In thousands) (continued)

	Redevelopment Housing Set-Aside		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes			
Licenses, fees and permits			
Intergovernmental revenues			
Charges for services			
Use of money and property	\$ 251	\$ 1,680	\$ 1,429
Other	310	193	(117)
Total revenues	<u>561</u>	<u>1,873</u>	<u>1,312</u>
Expenditures:			
City Attorney			
Police			
Fire			
Community Development	12,498	11,049	(1,449)
Planning			
Public Works			
Community Services			
Total expenditures	<u>12,498</u>	<u>11,049</u>	<u>(1,449)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,937)</u>	<u>(9,176)</u>	<u>2,761</u>
Other financing sources (uses):			
Transfers in	10,899	7,544	(3,355)
Transfers out	(1,006)	(280)	726
Issuance of loan payable			
Claims settlement proceeds		750	750
Total other financing sources (uses)	<u>9,893</u>	<u>8,014</u>	<u>(1,879)</u>
Net change in fund balances	(2,044)	(1,162)	882
Fund balances (deficits) at beginning of year	<u>24,636</u>	<u>24,636</u>	
Fund balances (deficits) at end of year	<u>\$ 22,592</u>	<u>23,474</u>	<u>\$ 882</u>
Adjustments to reconcile to GAAP:			
Proceeds on sale of land held for resale		(15)	
Transfer of land held for resale to Redevelopment Projects		(501)	
Purchases of land held for resale		2,123	
Conversion of land held for resale to capital assets		(5,476)	
Decline in value of land held for resale		(1,249)	
Ending fund balances (deficit) – GAAP basis		<u>\$18,356</u>	

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2010 (In thousands)

	<u>General Obligation Bonds</u>	<u>Redevelopment Agency</u>	<u>Municipal Facilities</u>	<u>Anaheim Resort Improvements</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$211	\$ 3,743	\$ 3		\$ 3,957
Investments	429	7,611	6		8,046
Accrued interest receivable	3	100	20		123
Due from other governments	8	549			557
Prepaid and other assets		3			3
Restricted cash and cash equivalents		9,964	521	\$14,703	25,188
Restricted investments			1,874	32,627	34,501
Total assets	<u>\$651</u>	<u>\$21,970</u>	<u>\$2,424</u>	<u>\$47,330</u>	<u>\$72,375</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	—	\$ 3,164	\$ 5	\$ 4	\$ 3,173
Total liabilities	—	<u>3,164</u>	<u>5</u>	<u>4</u>	<u>3,173</u>
Fund balances:					
Reserved for debt service	\$651	18,647	2,419	\$47,326	69,043
Reserved for prepaid and other assets		3			3
Unreserved - designated for debt service		156			156
Total fund balances	<u>651</u>	<u>18,806</u>	<u>2,419</u>	<u>47,326</u>	<u>69,202</u>
Total liabilities and fund balances	<u>\$651</u>	<u>\$21,970</u>	<u>\$2,424</u>	<u>\$47,330</u>	<u>\$72,375</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds

Year Ended June 30, 2010 (In thousands)

	<u>General Obligation Bonds</u>	<u>Redevelopment Agency</u>	<u>Municipal Facilities</u>	<u>Anaheim Resort Improvements</u>	<u>Total</u>
Revenues:					
Property taxes	\$673	\$ 47,731			\$ 48,404
Intergovernmental revenues	5				5
Use of money and property	8	805	\$ 124	\$ 1	938
Total revenues	<u>686</u>	<u>48,536</u>	<u>124</u>	<u>1</u>	<u>49,347</u>
Expenditures:					
Current:					
Finance				26	26
Community Development		17,463			17,463
Public Works	1				1
Debt service:					
Principal retirement	495	2,290	1,216	7,340	11,341
Interest charges	194	11,556	1,120	19,761	32,631
Total expenditures	<u>690</u>	<u>31,309</u>	<u>2,336</u>	<u>27,127</u>	<u>61,462</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4)</u>	<u>17,227</u>	<u>(2,212)</u>	<u>(27,126)</u>	<u>(12,115)</u>
Other financing sources (uses):					
Transfers in		2,256	2,200	27,365	31,821
Transfers out		(20,460)	(198)		(20,658)
Total other financing sources (uses)		<u>(18,204)</u>	<u>2,002</u>	<u>27,365</u>	<u>11,163</u>
Net change in fund balances	(4)	(977)	(210)	239	(952)
Fund balances at beginning of year	<u>655</u>	<u>19,783</u>	<u>2,629</u>	<u>47,087</u>	<u>70,154</u>
Fund balances at end of year	<u>\$651</u>	<u>\$ 18,806</u>	<u>\$ 2,419</u>	<u>\$ 47,326</u>	<u>\$ 69,202</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual – All Debt Service Funds
Year Ended June 30, 2010 (In thousands)

	General Obligation Bonds			Redevelopment Agency		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes	\$691	\$673	\$(18)	\$ 42,822	\$ 47,731	\$ 4,909
Intergovernmental revenues		5	5			
Use of money and property		8	8	459	805	346
Total revenues	<u>691</u>	<u>686</u>	<u>(5)</u>	<u>43,281</u>	<u>48,536</u>	<u>5,255</u>
Expenditures:						
Finance						
Community Development				30,919	31,309	390
Public Works	691	690	(1)			
Convention, Sports and Entertainment						
Total expenditures	<u>691</u>	<u>690</u>	<u>(1)</u>	<u>30,919</u>	<u>31,309</u>	<u>390</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(4)</u>	<u>(4)</u>	<u>12,362</u>	<u>17,227</u>	<u>4,865</u>
Other financing sources (uses):						
Transfers in				2,669	2,256	(413)
Transfers out				(32,299)	(20,460)	11,839
Total other financing sources (uses)				<u>(29,630)</u>	<u>(18,204)</u>	<u>11,426</u>
Net change in fund balances		(4)	(4)	(17,268)	(977)	16,291
Fund balances at beginning of year	<u>655</u>	<u>655</u>		<u>19,783</u>	<u>19,783</u>	
Fund balances at end of year	<u>\$655</u>	<u>\$651</u>	<u>\$ (4)</u>	<u>\$ 2,515</u>	<u>\$ 18,806</u>	<u>\$16,291</u>

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual – All Debt Service Funds
Year Ended June 30, 2010 (In thousands) (continued)

	Municipal Facilities			Anaheim Resort Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes						
Intergovernmental revenues						
Use of money and property	\$ 120	\$ 124	\$ 4	\$ 50	\$ 1	\$ (49)
Total revenues	<u>120</u>	<u>124</u>	<u>4</u>	<u>50</u>	<u>1</u>	<u>(49)</u>
Expenditures:						
Finance				27,133	27,127	(6)
Community Development						
Public Works	614	614				
Convention, Sports and Entertainment	<u>1,722</u>	<u>1,722</u>				
Total expenditures	<u>2,336</u>	<u>2,336</u>		<u>27,133</u>	<u>27,127</u>	<u>(6)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,216)</u>	<u>(2,212)</u>	<u>4</u>	<u>(27,083)</u>	<u>(27,126)</u>	<u>(43)</u>
Other financing sources (uses):						
Transfers in	2,216	2,200	(16)	29,778	27,365	(2,413)
Transfers out		(198)	(198)			
Total other financing sources (uses)	<u>2,216</u>	<u>2,002</u>	<u>(214)</u>	<u>29,778</u>	<u>27,365</u>	<u>(2,413)</u>
Net change in fund balances		(210)	(210)	2,695	239	(2,456)
Fund balances at beginning of year	<u>2,629</u>	<u>2,629</u>		<u>47,087</u>	<u>47,087</u>	
Fund balances at end of year	<u>\$ 2,629</u>	<u>\$ 2,419</u>	<u>\$(210)</u>	<u>\$ 49,782</u>	<u>\$ 47,326</u>	<u>\$(2,456)</u>

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2010 (In thousands)

	Redevelopment Projects	Transportation Improvement Projects	Development Impact Projects	Other Capital Improvements	Total
ASSETS					
Cash and cash equivalents	\$ 2,737	\$ 561	\$ 8,606	\$ 165	\$ 12,069
Investments	5,565	1,140	17,498	335	24,538
Accounts receivable, net	25		43		68
Accrued interest receivable	9	11	151		171
Notes receivable	8,840				8,840
Due from other funds	2,920	5,550		12,335	20,805
Due from other governments	88	4,582			4,670
Land held for resale, net	33,482				33,482
Prepaid and other assets	748				748
Restricted cash and cash equivalents	396			123	519
Restricted investments				291	291
Total assets	<u>\$54,810</u>	<u>\$11,844</u>	<u>\$26,298</u>	<u>\$13,249</u>	<u>\$106,201</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,510	\$ 3,515	\$ 426	\$ 21	\$ 5,472
Wages payable	60	13	11	1	85
Deposits	1,088				1,088
Due to other funds	10,693		1,765		12,458
Deferred revenue	8,840	4,582	43		13,465
Total liabilities	<u>22,191</u>	<u>8,110</u>	<u>2,245</u>	<u>22</u>	<u>32,568</u>
Fund balances:					
Reserved for noncurrent due from other funds	1,765			8,632	10,397
Reserved for land held for resale	33,482				33,482
Reserved for prepaid and other assets	748				748
Reserved for grant purposes				483	483
Unreserved - designated for capital projects		3,734	24,053	4,112	31,899
Unreserved - undesignated	(3,376)				(3,376)
Total fund balances	<u>32,619</u>	<u>3,734</u>	<u>24,053</u>	<u>13,227</u>	<u>73,633</u>
Total liabilities and fund balances	<u>\$54,810</u>	<u>\$11,844</u>	<u>\$26,298</u>	<u>\$13,249</u>	<u>\$106,201</u>

**Combining Statement of Revenues, Expenditures and Changes
in Fund Balances – Nonmajor Capital Projects Funds
Year Ended June 30, 2010** (In thousands)

	<u>Redevelopment Projects</u>	<u>Transportation Improvement Projects</u>	<u>Development Impact Projects</u>	<u>Other Capital Improvements</u>	<u>Total</u>
Revenues:					
Licenses, fees and permits			\$ 1,704		\$ 1,704
Intergovernmental revenues	\$ 165	\$ 4,217	238		4,620
Use of money and property	2,324	248	731	\$ 182	3,485
Other	573		2		575
Total revenues	<u>3,062</u>	<u>4,465</u>	<u>2,675</u>	<u>182</u>	<u>10,384</u>
Expenditures:					
Current:					
Finance			29		29
Police			4		4
Fire			170		170
Community Development	15,282				15,282
Public Works		4	578	20	602
Community Services			299	122	421
Capital outlay	5,241	12,115	2,579	723	20,658
Debt service:					
Principal retirement				272	272
Interest charges	118			499	617
Total expenditures	<u>20,641</u>	<u>12,119</u>	<u>3,659</u>	<u>1,636</u>	<u>38,055</u>
Deficiency of revenues under expenditures	<u>(17,579)</u>	<u>(7,654)</u>	<u>(984)</u>	<u>(1,454)</u>	<u>(27,671)</u>
Other financing sources (uses):					
Transfers in	15,933			650	16,583
Transfers out	(2,797)				(2,797)
Total other financing sources	<u>13,136</u>			<u>650</u>	<u>13,786</u>
Net change in fund balances	(4,443)	(7,654)	(984)	(804)	(13,885)
Fund balances at beginning of year	<u>37,062</u>	<u>11,388</u>	<u>25,037</u>	<u>14,031</u>	<u>87,518</u>
Fund balances at end of year	<u>\$ 32,619</u>	<u>\$ 3,734</u>	<u>\$ 24,053</u>	<u>\$ 13,227</u>	<u>\$ 73,633</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual – All Capital Projects Funds
Year Ended June 30, 2010 (In thousands)

	Redevelopment Projects			Transportation Improvement Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	\$ 944	\$ 165	\$ (779)	\$50,224	\$ 4,217	\$(46,007)
Use of money and property	5,361	7,859	2,498		248	248
Other		573	573			0
Total revenues	<u>6,305</u>	<u>8,597</u>	<u>2,292</u>	<u>50,224</u>	<u>4,465</u>	<u>(45,759)</u>
Expenditures:						
Finance						
Police						
Fire						
Community Development	26,274	18,640	(7,634)			
Planning				26	26	
Public Works	36		(36)	56,456	12,093	(44,363)
Community Services						
Total expenditures	<u>26,310</u>	<u>18,640</u>	<u>(7,670)</u>	<u>56,482</u>	<u>12,119</u>	<u>(44,363)</u>
Deficiency of revenues under expenditures	<u>(20,005)</u>	<u>(10,043)</u>	<u>9,962</u>	<u>(6,258)</u>	<u>(7,654)</u>	<u>(1,396)</u>
Other financing sources (uses):						
Transfers in	32,923	15,933	(16,990)			
Transfers out	<u>(3,266)</u>	<u>(2,797)</u>	<u>469</u>			
Total other financing sources (uses)	<u>29,657</u>	<u>13,136</u>	<u>(16,521)</u>			
Net change in fund balances	9,652	3,093	(6,559)	(6,258)	(7,654)	(1,396)
Fund balances at beginning of year	<u>37,062</u>	<u>37,062</u>		<u>11,388</u>	<u>11,388</u>	
Fund balances at end of year	<u>\$ 46,714</u>	<u>40,155</u>	<u>\$ (6,559)</u>	<u>\$ 5,130</u>	<u>3,734</u>	<u>\$ (1,396)</u>
Adjustments to reconcile to GAAP:						
Proceeds on sale of land held for resale		(5,535)				
Land held for resale transferred from Redevelopment Housing Set-aside		501				
Conversion of land held for resale to capital assets		(2,327)				
Decline in value of land held for resale		(150)				
Loss on deposition of land held for resale		(25)				
Ending fund balance – GAAP basis		<u>\$ 32,619</u>			<u>\$ 3,734</u>	

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual – All Capital Projects Funds
Year Ended June 30, 2010 (In thousands) (continued)

	Development Impact Projects			Other Capital Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	\$ 695	\$ 1,704	\$ 1,009			
Intergovernmental revenues		238	238			
Use of money and property	250	731	481	\$ 272	\$ 182	\$ (90)
Other		2	2			
Total revenues	<u>945</u>	<u>2,675</u>	<u>1,730</u>	<u>272</u>	<u>182</u>	<u>(90)</u>
Expenditures:						
Finance	29	29				
Police	75	4	(71)			
Fire	170	170				
Community Development Planning				771	771	
Public Works	6,618	2,372	(4,246)	460	134	(326)
Community Services	<u>15,780</u>	<u>1,084</u>	<u>(14,696)</u>	<u>1,983</u>	<u>731</u>	<u>(1,252)</u>
Total expenditures	<u>22,672</u>	<u>3,659</u>	<u>(19,013)</u>	<u>3,214</u>	<u>1,636</u>	<u>(1,578)</u>
Deficiency of revenues under expenditures	<u>(21,727)</u>	<u>(984)</u>	<u>20,743</u>	<u>(2,942)</u>	<u>(1,454)</u>	<u>1,488</u>
Other financing sources (uses):						
Transfers in					650	650
Transfers out						
Total other financing sources (uses)					<u>650</u>	<u>650</u>
Net change in fund balances	(21,727)	(984)	20,743	(2,942)	(804)	2,138
Fund balances at beginning of year	<u>25,037</u>	<u>25,037</u>		<u>14,031</u>	<u>14,031</u>	
Fund balances at end of year	<u>\$ 3,310</u>	<u>24,053</u>	<u>\$ 20,743</u>	<u>\$11,089</u>	<u>13,227</u>	<u>\$ 2,138</u>
Adjustments to reconcile to GAAP:						
Proceeds on sale of land held for resale						
Transfer of land held for resale from Redevelopment Housing Set-aside						
Conversion of land held for resale to capital assets						
Decline in value of land held for resale						
Loss on deposition of land held for resale						
Ending fund balances – GAAP basis		<u>\$24,053</u>			<u>\$13,227</u>	



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INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

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

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

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

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

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

Combining Statement of Fund Net Assets

Internal Service Funds

June 30, 2010 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$20,327	\$ 2,175	\$ 2,332	\$ 1,520	\$ 26,354
Investments	41,329	4,423	4,741	3,089	53,582
Accounts receivable, net	2,786	57		4	2,847
Accrued interest receivable	331	37	22	18	408
Interfund receivable	15				15
Inventories		723			723
Prepaid and other assets	63				63
Total current assets	<u>64,851</u>	<u>7,415</u>	<u>7,095</u>	<u>4,631</u>	<u>83,992</u>
Noncurrent assets:					
Accounts receivable, less current portion	606				606
Interfund receivable, less current portion	84				84
Restricted cash and cash equivalents		393			393
Unamortized debt issuance costs		3			3
Net other post-employment benefits (OPEB) asset	9,495				9,495
Capital assets:					
Buildings, structures and improvements		3,230		3,449	6,679
Machinery and Equipment	81	33,744	20,495	2,197	56,517
Less accumulated depreciation	(81)	(25,852)	(12,336)	(4,279)	(42,548)
Capital assets, net	<u>11,122</u>	<u>11,122</u>	<u>8,159</u>	<u>1,367</u>	<u>20,648</u>
Total noncurrent assets	<u>10,185</u>	<u>11,518</u>	<u>8,159</u>	<u>1,367</u>	<u>31,229</u>
Total assets	<u>75,036</u>	<u>18,933</u>	<u>15,254</u>	<u>5,998</u>	<u>115,221</u>
LIABILITIES					
Current liabilities:					
Accounts payable	3,288	475	1,734	254	5,751
Wages payable	3,338	77	13	78	3,506
Interest payable		11			11
Compensated absences	14,582				14,582
Self-insurance liability	8,801				8,801
Long-term debt		296	981		1,277
Unearned revenues	1,082				1,082
Total current liabilities	<u>31,091</u>	<u>859</u>	<u>2,728</u>	<u>332</u>	<u>35,010</u>
Noncurrent liabilities:					
Compensated absences, less current portion	5,198				5,198
Self-insurance liability, less current portion	27,655				27,655
Long-term debt, less current portion		286	1,624		1,910
Total noncurrent liabilities	<u>32,853</u>	<u>286</u>	<u>1,624</u>		<u>34,763</u>
Total liabilities	<u>63,944</u>	<u>1,145</u>	<u>4,352</u>	<u>332</u>	<u>69,773</u>
FUND NET ASSETS					
Invested in capital assets, net of related debt		10,936	5,554	1,367	17,857
Unrestricted	11,092	6,852	5,348	4,299	27,591
Total fund net assets	<u>\$11,092</u>	<u>\$ 17,788</u>	<u>\$ 10,902</u>	<u>\$ 5,666</u>	<u>\$ 45,448</u>

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2010 (In thousands)

	<u>General Benefits and Insurance</u>	<u>Motorized Equipment</u>	<u>Information and Communication Services</u>	<u>Municipal Facilities Maintenance</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$122,251	\$11,611	\$15,654	\$ 8,390	\$157,906
Other	11	15	1	30	57
Total operating revenues	<u>122,262</u>	<u>11,626</u>	<u>15,655</u>	<u>8,420</u>	<u>157,963</u>
Operating expenses:					
Salaries and wages	3,316	3,442	730	3,235	10,723
Maintenance and operations	2,486	4,643	13,142	5,153	25,424
Insurance premiums and claims	12,696				12,696
Compensated absences and other benefits	112,583				112,583
Depreciation		<u>2,670</u>	<u>2,676</u>	<u>126</u>	<u>5,472</u>
Total operating expenses	<u>131,081</u>	<u>10,755</u>	<u>16,548</u>	<u>8,514</u>	<u>166,898</u>
Operating income (loss)	<u>(8,819)</u>	<u>871</u>	<u>(893)</u>	<u>(94)</u>	<u>(8,935)</u>
Nonoperating income (expenses):					
Interest income	1,538	176	81	56	1,851
Interest expense		(81)	(47)		(128)
Gain (loss) from disposal of capital assets		<u>151</u>	<u>(7)</u>		<u>144</u>
Total nonoperating income	<u>1,538</u>	<u>246</u>	<u>27</u>	<u>56</u>	<u>1,867</u>
Income (loss) before contribution and transfers	(7,281)	1,117	(866)	(38)	(7,068)
Capital contributions			27		27
Transfers in			1,446		1,446
Transfers out		<u>(3,869)</u>		<u>(1,446)</u>	<u>(5,315)</u>
Change in fund net assets	(7,281)	(2,752)	607	(1,484)	(10,910)
Fund net assets at beginning of year	<u>18,373</u>	<u>20,540</u>	<u>10,295</u>	<u>7,150</u>	<u>56,358</u>
Fund net assets at end of year	<u>\$ 11,092</u>	<u>\$17,788</u>	<u>\$10,902</u>	<u>\$ 5,666</u>	<u>\$ 45,448</u>

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2010 (In thousands)

	<u>General Benefits and Insurance</u>	<u>Motorized Equipment</u>	<u>Information and Communication Services</u>	<u>Municipal Facilities Maintenance</u>	<u>Total</u>
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 122,251	\$ 11,611	\$ 15,654	\$ 8,390	\$ 157,906
Payments to suppliers	(1,100)	(4,943)	(12,516)	(4,436)	(22,995)
Payments for salaries and wages to employees	(3,698)	(3,452)	(729)	(3,240)	(11,119)
Payments for interfund services used	(1,229)	(194)	(706)	(861)	(2,990)
Payments for insurance premiums and claims	(10,005)				(10,005)
Payments for compensated absences and other benefits	(111,671)				(111,671)
Other receipts (payments)	13	(20)	1	28	22
Net cash provided by (used in) operating activities	<u>(5,439)</u>	<u>3,002</u>	<u>1,704</u>	<u>(119)</u>	<u>(852)</u>
Cash flows from noncapital financing activities:					
Payment of interfund balances	(16)				(16)
Transfer in			50		50
Transfer out				(50)	(50)
Net cash provided by (used in) noncapital financing activities	<u>(16)</u>	<u></u>	<u>50</u>	<u>(50)</u>	<u>(16)</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets		253			253
Capital purchases		(1,409)	(163)		(1,572)
Principal payments on long-term debt		(279)	(768)		(1,047)
Interest payments		(40)	(47)		(87)
Net cash used in capital and related financing activities		<u>(1,475)</u>	<u>(978)</u>		<u>(2,453)</u>
Cash flows from investing activities:					
Purchase of investment securities	(16,846)	(3,426)	(3,099)	(1,489)	(24,860)
Proceeds from sale and maturity of investment securities	27,018	2,891	3,179	2,071	35,159
Interest received	1,091	94	103	62	1,350
Net cash provided by (used in) investing activities	<u>11,263</u>	<u>(441)</u>	<u>183</u>	<u>644</u>	<u>11,649</u>
Increase in cash and cash equivalents	5,808	1,086	959	475	8,328
Cash and cash equivalents at beginning of the year	14,519	1,482	1,373	1,045	18,419
Cash and cash equivalents at end of the year	<u>\$ 20,327</u>	<u>\$ 2,568</u>	<u>\$ 2,332</u>	<u>\$ 1,520</u>	<u>\$ 26,747</u>

(continued)

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2010 (In thousands) (continued)

	<u>General Benefits and Insurance</u>	<u>Motorized Equipment</u>	<u>Information and Communication Services</u>	<u>Municipal Facilities Maintenance</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (8,819)	\$ 871	\$ (893)	\$ (94)	\$ (8,935)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation		2,670	2,676	126	5,472
Changes in assets and liabilities:					
Accounts receivable	(487)	31		(2)	(458)
Inventories		(66)			(66)
Prepaid and other assets	9		1		10
Accounts payable	492	(494)	(81)	(144)	(227)
Wages payable	(382)	(10)	1	(5)	(396)
Unearned revenues	108				108
Compensated absences	1,326				1,326
Self-insurance liability	2,468				2,468
Other post retirement employment benefits (OPEB) assets	(154)				(154)
Total adjustments	<u>3,380</u>	<u>2,131</u>	<u>2,597</u>	<u>(25)</u>	<u>8,083</u>
Net cash provided by (used in) operating activities	<u>\$ (5,439)</u>	<u>\$ 3,002</u>	<u>\$ 1,704</u>	<u>\$ (119)</u>	<u>\$ (852)</u>
Schedule of noncash financing and investing activities:					
Capital assets financed through capital leases			\$ 2,379		\$ 2,379
Transfers in of capital assets		(3,869)	1,396	\$(1,396)	(3,869)
Increase in fair value of investments	\$ 524	\$ 73			597
Reconciliation of cash and cash equivalents:					
Cash and cash equivalents	\$ 20,327	\$ 2,175	\$ 2,332	\$ 1,520	\$ 26,354
Restricted cash and cash equivalents		393			393
Total cash and cash equivalents	<u>\$ 20,327</u>	<u>\$ 2,568</u>	<u>\$ 2,332</u>	<u>\$ 1,520</u>	<u>\$ 26,747</u>

FIDUCIARY FUNDS



Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund – Mello-Roos
Year Ended June 30, 2010 (In thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Restricted cash and cash equivalents	\$3,865	\$3,320	\$(3,273)	\$3,912
Restricted investments	621	57		678
Due from other governments	70	3,325	(3,341)	54
Total assets	<u>\$4,556</u>	<u>\$6,702</u>	<u>\$(6,614)</u>	<u>\$4,644</u>
LIABILITIES				
Due to bond holders	<u>\$4,556</u>	<u>\$3,361</u>	<u>\$(3,273)</u>	<u>\$4,644</u>



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STATISTICAL SECTION



STATISTICAL SECTION

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

STATISTICAL INFORMATION

(Unaudited)

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

Contents	Page
Financial trends	
These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.	
Net Assets by Component – Last Nine Fiscal Years	102
Changes in Net Assets – Last Nine Fiscal Years	103
Governmental Activities Tax Revenues by Source – Last Nine Fiscal Years	105
Fund Balances of Governmental Funds – Last Ten Fiscal Years	106
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	107
Revenue capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
General Government Tax Revenues by Source – Last Ten Fiscal Years	108
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	109
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	110
Principal Property Tax Payers – Current Year and Nine Years Ago	111
Property Tax Levies and Collections – Last Ten Fiscal Years	112
Debt capacity	
These schedules contain 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.	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	113
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	114
Direct and Overlapping Government Activities Debt – As of June 30, 2010	115
Legal Debt Margin – Last Ten Fiscal Years	117
Pledged-Revenue Coverage – Last Ten Fiscal Years	118
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.	
Demographic and Economic Statistics – Last Ten Fiscal Years	120
Principal Employers – Last Seven Fiscal Years	121
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.	
Full-time Equivalent City government Employees by Function/Program – Last Ten Fiscal Years	123
Operating Indicators by Function – Last Seven Fiscal Years	124
Capital Assets Statistics by Function – Last Seven Fiscal Years	126
City of Anaheim Map	128

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Assets by Component Last Nine Fiscal Years (In thousands)

(Accrual basis of accounting)

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

Note: Information prior to the implementation of GASB Statement No. 34 is not available.

Source: Finance Department, City of Anaheim

Changes in Net Assets

Last Nine Fiscal Years (In thousands)

(Accrual basis of accounting)

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Program Revenues									
Governmental activities:									
Charges for services									
General government	\$ 1,708	\$ 1,890	\$ 2,088	\$ 1,238	\$ 1,385	\$ 1,442	\$ 1,413	\$ 1,651	\$ 1,462
Police	10,127	10,089	10,235	9,715	10,477	9,840	7,460	8,369	7,236
Fire	9,369	9,122	9,850	9,070	8,942	7,909	6,879	6,475	6,391
Community Development	7,306	5,459	6,212	6,713	6,122	4,667	9,972	6,843	5,753
Planning	6,453	7,724	9,084	10,778	9,031	6,994	3,739	3,869	3,773
Public Works	7,619	7,421	8,619	8,234	7,653	6,544	5,501	6,339	7,294
Community Services	4,561	4,833	4,855	4,043	18,421	4,985	4,490	3,936	4,629
Convention, Sports and Entertainment	202	200	218	200	200	200	200	200	200
Total charges for services	47,345	46,738	51,161	49,991	62,231	42,581	39,654	37,682	36,738
Operating grants and contributions	120,900	109,244	99,337	97,633	87,024	77,870	81,877	75,594	72,111
Capital grants and contributions	31,828	66,347	30,361	42,997	28,804	20,906	11,704	12,809	15,581
Governmental activities program revenues	200,073	222,329	180,859	190,621	178,059	141,357	133,235	126,085	124,430
Business-type activities:									
Charges for services									
Electric Utility	377,387	365,526	351,160	310,074	322,845	284,740	295,723	272,024	300,474
Water Utility	56,368	50,807	49,125	49,600	46,926	43,427	44,395	41,801	41,845
Sanitation	56,023	55,424	54,017	53,215	49,397	46,480	48,085	43,045	41,809
Golf Courses	5,168	5,634	5,947	6,022	5,736	5,394	5,546	5,401	5,739
Convention, Sports and Entertainment	30,797	26,987	31,197	32,308	27,357	27,412	28,146	22,509	21,688
Total charges for services	525,743	504,378	491,446	451,219	452,261	407,453	421,895	384,780	411,555
Operating grants and contributions	1,990	965	1,194	1,160	2,556	2,473	1,471	1,560	3,622
Capital grants and contributions	5,622	6,620	12,332	4,808	5,749	11,513	7,468	5,389	13,113
Business-type activities program revenues	533,355	511,963	504,972	457,187	460,566	421,439	430,834	391,729	428,290
Total government program revenues	733,428	734,292	685,831	647,808	638,625	562,796	564,069	517,814	552,720
Expenses									
Governmental activities:									
General government	10,917	12,144	12,610	10,951	7,394	8,943	7,582	9,793	6,780
Police	125,121	121,162	122,883	115,714	98,484	91,713	77,541	78,313	73,336
Fire	58,229	57,768	56,434	50,727	50,957	46,596	37,610	36,928	38,146
Community Development	117,621	109,523	105,651	93,089	87,814	83,183	86,542	89,212	67,389
Planning	16,822	17,057	17,199	16,107	14,493	13,206	12,628	11,118	11,492
Public Works	39,017	47,226	43,680	44,473	42,029	39,463	41,672	37,443	53,584
Community Services	35,372	37,704	39,033	36,827	31,712	28,314	27,050	27,397	29,209
Public Utilities	1,952	1,515	2,128	1,800	1,704	1,557	1,566	1,811	2,928
Convention, Sports and Entertainment	9,931	10,069	10,781	10,539	8,652	7,703	7,536	7,211	8,577
Interest on long-term debt	47,694	47,859	45,509	50,053	46,430	47,105	48,503	47,405	46,098
Governmental Activities Expenses	462,676	462,027	455,908	430,280	389,669	367,783	348,230	346,631	337,539

(continued)

Changes in Net Assets

Last Nine Fiscal Years (In thousands)

(Accrual basis of accounting) (continued)

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses									
Business-type activities:									
Electric Utility	375,491	358,882	353,502	338,514	365,277	274,622	280,878	264,583	280,358
Water Utility	55,514	48,976	49,248	51,672	47,225	41,313	42,949	37,065	38,616
Sanitation	50,540	52,721	49,712	48,946	47,163	45,467	41,431	40,249	38,563
Golf Courses	4,436	4,495	4,810	4,365	4,433	4,062	4,278	3,699	3,745
Convention, Sports and Entertainment Venues	46,143	45,643	47,795	46,743	47,965	47,351	43,406	43,197	40,500
Business-type activities expense	<u>532,124</u>	<u>510,717</u>	<u>505,067</u>	<u>490,240</u>	<u>512,063</u>	<u>412,815</u>	<u>412,942</u>	<u>388,793</u>	<u>401,782</u>
Total government expenses	<u>994,800</u>	<u>972,744</u>	<u>960,975</u>	<u>920,520</u>	<u>901,732</u>	<u>780,598</u>	<u>761,172</u>	<u>735,424</u>	<u>739,321</u>
Net (Expense)/Revenue									
Governmental activities	(262,603)	(239,698)	(275,049)	(239,659)	(211,610)	(226,426)	(214,995)	(220,546)	(213,109)
Business-type activities	1,231	1,246	(95)	(33,053)	(51,497)	8,624	17,892	2,936	26,508
Total government, net (expense) revenue	<u>(261,372)</u>	<u>(238,452)</u>	<u>(275,144)</u>	<u>(272,712)</u>	<u>(263,107)</u>	<u>(217,802)</u>	<u>(197,103)</u>	<u>(217,610)</u>	<u>(186,601)</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes:									
Property taxes	\$ 107,420	\$ 107,921	\$ 105,311	\$ 98,647	\$ 90,299	\$ 78,620	\$ 57,239	\$ 53,809	\$ 49,867
Sales tax and use tax	52,045	56,991	63,566	65,944	68,024	61,779	56,566	53,251	52,875
Transient occupancy taxes	77,139	80,055	87,183	83,914	75,979	67,141	63,268	56,199	57,780
Motor vehicle license fees	1,026	1,180	1,532	1,866	2,595	2,113	21,143	19,360	18,751
Other taxes	7,288	8,041	9,529	10,337	10,817	10,175	9,561	8,935	8,885
Unrestricted investment earnings	7,012	8,667	15,337	17,597	12,346	8,071	3,991	12,678	15,035
Other	1,175	394	2,670	1,701	5,078	1,499	1,097	361	3,825
Gain from disposal of capital assets								2,491	
Transfers	19,602	41,141	15,573	(42,874)	8,444	12,400	11,534	3,996	3,809
Governmental activities	<u>272,707</u>	<u>304,390</u>	<u>300,701</u>	<u>237,132</u>	<u>273,582</u>	<u>241,798</u>	<u>224,399</u>	<u>211,080</u>	<u>210,827</u>
Business-type activities:									
Unrestricted investment earnings	15,825	19,580	31,244	27,375	16,850	16,592	6,120	13,658	13,388
Other						418	1,723	51	
Transfers	(19,602)	(41,141)	(15,573)	42,874	(8,444)	(12,400)	(11,534)	(3,996)	(3,809)
Business-type activities	<u>(3,777)</u>	<u>(21,561)</u>	<u>15,671</u>	<u>70,249</u>	<u>8,406</u>	<u>4,610</u>	<u>(3,691)</u>	<u>9,713</u>	<u>9,579</u>
Total government	<u>268,930</u>	<u>282,829</u>	<u>316,372</u>	<u>307,381</u>	<u>281,988</u>	<u>246,408</u>	<u>220,708</u>	<u>220,793</u>	<u>220,406</u>
Change in Net Assets									
Governmental activities	10,104	64,692	25,652	(2,527)	61,972	15,372	9,404	(9,466)	(2,282)
Business-type activities	(2,546)	(20,315)	15,576	37,196	(43,091)	13,234	14,201	12,649	36,087
Total government change in net assets	<u>\$ 7,558</u>	<u>\$ 44,377</u>	<u>\$ 41,228</u>	<u>\$ 34,669</u>	<u>\$ 18,881</u>	<u>\$ 28,606</u>	<u>\$ 23,605</u>	<u>\$ 3,183</u>	<u>\$ 33,805</u>

Note: Information prior to the implementation of GASB Statement No. 34 is not available.

Source: Finance Department, City of Anaheim

Governmental Activities Tax Revenues By Source

Last Nine Fiscal Years (In thousands)

(Accrual basis of accounting)

Fiscal Year	Amounts					Total
	Property Taxes	Sales and Use Taxes	Transient Occupancy Taxes	Motor Vehicle License Fees ¹	Other Taxes	
2010	\$107,420	\$52,045	\$77,139	\$ 1,026	\$ 7,288	\$244,918
2009	107,921	56,991	80,055	1,180	8,041	254,188
2008	105,311	63,566	87,183	1,532	9,529	267,121
2007	98,647	65,944	83,914	1,866	10,337	260,708
2006	90,299	68,024	75,979	2,595	10,817	247,714
2005	78,620	61,779	67,141	2,113	10,175	219,828
2004	57,239	56,566	63,268	21,143	9,561	207,777
2003	53,809	53,251	56,199	19,360	8,935	191,554
2002	49,867	52,875	57,780	18,751	8,885	188,158

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

Note: Information prior to the implementation of GASB Statement No. 34 is not available.

Source: Finance Department, City of Anaheim

Fund Balances of Governmental Funds

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	\$ 4,092	\$ 4,530	\$ 5,001	\$ 8,525	\$ 9,701	\$ 9,892	\$ 10,225	\$ 6,873	\$ 2,856	\$ 2,079
Unreserved - designated							293	4,872	208	204
Unreserved - undesignated	29,490	47,729	37,347	47,409	44,978	39,179	34,458	31,268	33,512	26,877
Total General Fund	<u>33,582</u>	<u>52,259</u>	<u>42,348</u>	<u>55,934</u>	<u>54,679</u>	<u>49,071</u>	<u>44,976</u>	<u>43,013</u>	<u>36,576</u>	<u>29,160</u>
Housing Authority Fund										
Reserved	1,373	1,830	830	162				158		
Unreserved - undesignated	11,603	5,669	6,474	7,935	3,932	5,682	5,525	4,894	4,347	4,514
Total Housing Authority Fund	<u>12,976</u>	<u>7,499</u>	<u>7,304</u>	<u>8,097</u>	<u>3,932</u>	<u>5,682</u>	<u>5,525</u>	<u>5,052</u>	<u>4,347</u>	<u>4,514</u>
Nonmajor Governmental Funds										
Reserved	130,313	142,760	138,402	120,885	110,289	76,568	91,787	87,547	85,149	76,691
Unreserved - designated, reported in:										
Special revenue funds	7,349	7,211	6,809	2,415	9,102	14,974	7,993		13,305	15,983
Debt service funds	156	4,433	1,656	2,276	1,137	1,457				
Capital projects funds	31,899	41,544	32,809	38,430	45,495	36,497	24,538	36,501	65,313	108,809
Unreserved - undesignated, reported in:										
Special revenue funds	14,350	5,342	4,199	4,183	14,902	25,955	27,016	29,688	18,913	14,490
Capital projects funds	(3,376)	(7,037)	(15,551)	(25,687)	(22,787)	(4,735)				
Total nonmajor governmental funds	<u>180,691</u>	<u>194,253</u>	<u>168,324</u>	<u>142,502</u>	<u>158,138</u>	<u>150,716</u>	<u>151,334</u>	<u>153,736</u>	<u>182,680</u>	<u>215,973</u>
Total governmental funds ¹	<u>\$227,249</u>	<u>\$254,011</u>	<u>\$217,976</u>	<u>\$206,533</u>	<u>\$216,749</u>	<u>\$205,469</u>	<u>\$201,835</u>	<u>\$201,801</u>	<u>\$223,603</u>	<u>\$249,647</u>

¹ Restatements of fund balances have not been reflected for certain years.

Source: Finance Department, City of Anaheim

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Property taxes	\$111,838	\$ 112,168	\$ 109,351	\$102,486	\$ 90,323	\$ 81,949	\$ 60,563	\$ 57,151	\$ 53,018	\$ 53,860
Sales and use taxes	49,041	57,449	65,352	66,761	66,045	59,976	55,409	54,066	52,368	50,733
Transient occupancy taxes	77,139	80,055	87,183	83,914	75,979	67,141	63,268	56,199	57,780	58,112
Other taxes	6,303	6,451	6,753	7,531	7,862	7,542	7,095	6,570	6,460	6,365
Licenses, fees and permits	21,580	21,062	24,705	37,991	40,625	18,749	15,578	15,731	15,806	16,299
Intergovernmental revenues	140,587	157,773	134,016	111,527	103,653	101,447	108,673	107,973	104,434	85,500
Charges for services	13,933	13,627	13,690	12,960	12,649	12,130	15,241	14,569	14,299	11,712
Fines, forfeits and penalties	3,255	3,409	3,767	3,689	3,464	3,454	2,812	2,673	2,769	3,118
Use of money and property	10,236	9,293	16,923	18,208	13,203	9,144	8,408	12,354	13,878	20,108
Other	4,009	10,137	3,755	7,601	18,164	6,143	3,490	3,436	4,654	1,242
Total revenues	437,921	471,424	465,495	452,668	431,967	367,675	340,537	330,722	325,466	307,049
Expenditures										
General government	15,822	16,953	16,325	15,354	13,667	12,276	11,370	12,823	12,403	16,462
Police	115,379	112,057	115,195	109,467	94,602	86,529	74,356	74,518	68,274	64,585
Fire	55,713	55,966	54,685	48,201	48,383	44,182	36,277	35,684	34,651	31,382
Community Development	126,590	112,406	104,991	94,789	89,098	83,384	87,778	91,984	72,919	67,493
Planning	15,173	15,489	15,949	14,762	13,907	12,313	11,904	10,285	10,463	10,145
Public Works	19,957	29,321	25,810	26,820	24,646	22,248	25,224	21,425	37,377	72,964
Community Services	31,311	33,572	35,203	32,788	28,753	25,724	25,203	25,938	26,011	24,296
Public Utilities	1,939	1,507	2,120	1,791	1,704	1,557	1,566	1,811	2,651	2,612
Convention, Sports and Entertainment	6,369	6,699	7,390	7,399	6,131	5,140	5,353	4,677	6,003	6,738
Capital outlay	62,422	52,229	60,906	76,161	77,738	41,301	32,195	40,881	35,310	32,713
Debt service:										
Principal	12,777	16,085	27,472	18,065	19,032	10,134	9,391	8,020	7,797	5,768
Interest charges	33,509	34,830	28,324	41,187	39,037	38,681	38,630	38,330	38,081	37,438
Debt issuance costs ¹		70	5,182	4,017						
Total expenditures	496,961	487,184	499,552	490,801	456,698	383,469	359,247	366,376	351,940	372,596
Revenues over (under) expenditures	(59,040)	(15,760)	(34,057)	(38,133)	(24,731)	(15,794)	(18,710)	(35,654)	(26,474)	(65,547)
Other Financing Sources (Uses)										
Transfers in	83,498	121,987	299,410	101,249	95,535	99,166	73,939	67,407	66,480	52,381
Transfers out	(59,970)	(76,304)	(288,985)	(91,028)	(84,325)	(88,277)	(62,970)	(63,759)	(56,470)	(45,906)
Issuance of refunding bonds		5,084	201,680	253,134						
Payments to refunded bond escrow agent		(5,683)	(171,222)	(255,325)						
Premium on long-term debt		94	4,641							
Discount on long-term debt			(199)							
Issuance of long-term debt	8,000	2,769	175	18,238	22,583	7,289	7,775	4,450		31,968
Special items						1,250				
Proceeds from the sale of capital assets					20			5,754		
Capital leases				1,649	2,198					
Claims settlement proceeds	750	3,848								
Total other financing sources	32,278	51,795	45,500	27,917	36,011	19,428	18,744	13,852	10,010	38,443
Net change in fund balances	\$ (26,762)	\$ 36,035	\$ 11,443	\$ (10,216)	\$ 11,280	\$ 3,634	\$ 34	\$ (21,802)	\$ (16,464)	\$ (27,104)
Debt service as a percentage of non-capital expenditures	10.65%	11.71%	12.72%	14.29%	15.32%	14.27%	14.68%	14.24%	14.49%	12.71%

¹ Prior to the implementation of GASB Statement No. 34 in 2002, debt issuance costs were not displayed as expenditures but were recorded as part of issuance of long-term debt in the fund financial statements.

Source: Finance Department, City of Anaheim

General Government Tax Revenues by Source

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

Fiscal Year	Amounts in Dollars							Total
	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes	Property Taxes in-lieu of VLF ¹	Sales and Use Taxes	Transient Occupancy Taxes	Other Taxes	
2010	\$75,494	\$ 9,562	\$1,382	\$25,400	\$49,041	\$77,139	\$6,303	\$244,321
2009	74,380	9,410	2,678	25,700	57,449	80,055	6,451	256,123
2008	69,893	10,448	4,170	24,840	65,352	87,183	6,753	268,639
2007	62,881	9,945	4,580	25,080	66,761	83,914	7,531	260,692
2006	53,137	9,409	4,207	23,570	66,045	75,979	7,862	240,209
2005	49,510	9,244	3,626	19,569	59,976	67,141	7,542	216,608
2004	49,847	8,591	2,125		55,409	63,268	7,095	186,335
2003	48,031	7,358	1,762		54,066	56,199	6,570	173,986
2002	44,423	6,778	1,817		52,368	57,780	6,460	169,626
2001	44,521	7,737	1,602		50,733	58,112	6,365	169,070

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

Source: Finance Department, City of Anaheim

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year				
	2010	2009	2008	2007	2006
City of Anaheim					
Secured property	\$28,775,989	\$29,329,062	\$28,473,221	\$26,507,229	\$24,081,039
Unsecured property	1,283,263	1,226,209	1,198,812	2,442,959	1,117,310
Total City of Anaheim	30,059,252	30,555,271	29,672,033	28,950,188	25,198,349
Anaheim Redevelopment Agency					
Secured property	3,762,168	3,644,931	3,360,645	2,838,528	2,574,542
Unsecured property	762,903	789,618	818,255	813,249	734,299
Total Anaheim Redevelopment Agency	4,525,071	4,434,549	4,178,900	3,651,777	3,308,841
Total Taxable Assessed Value	\$34,584,323	\$34,989,820	\$33,850,933	\$32,601,965	\$28,507,190
Total Direct Tax Rate	0.11031%	0.11024%	0.11041%	0.11041%	0.11083%

	Fiscal Year				
	2005	2004	2003	2002	2001
City of Anaheim					
Secured property	\$22,288,504	\$20,826,232	\$20,145,764	\$18,389,042	\$16,105,959
Unsecured property	1,162,358	1,287,967	2,641,697	1,086,486	1,141,412
Total City of Anaheim	23,450,862	22,114,199	22,787,461	19,475,528	17,247,371
Anaheim Redevelopment Agency					
Secured property	2,332,303	2,177,936	2,057,045	1,877,074	1,733,000
Unsecured property	748,144	731,733	564,089	536,872	585,011
Total Anaheim Redevelopment Agency	3,080,447	2,909,669	2,621,134	2,413,946	2,318,011
Total Taxable Assessed Value	\$26,531,309	\$25,023,868	\$25,408,595	\$21,889,474	\$19,565,382
Total Direct Tax Rate	0.11117%	0.11161%	0.11103%	0.11168%	0.11199%

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

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

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Direct Rate ¹										
City of Anaheim ²	0.10816	0.10816	0.10816	0.10816	0.10816	0.10816	0.10816	0.10816	0.10816	0.10816
Anaheim Elementary General Fund	0.29778	0.29778	0.29778	0.29778	0.29778	0.29778	0.29778	0.29778	0.29778	0.29778
Anaheim High General Fund	0.18982	0.18982	0.18982	0.18982	0.18982	0.18982	0.18982	0.18982	0.18982	0.18982
Educational Revenue Augmentation Fund	0.15543	0.15543	0.15543	0.15543	0.15543	0.15543	0.15543	0.15543	0.15543	0.15543
North Orange Co. Community College General Fund	0.07730	0.07730	0.07730	0.07730	0.07730	0.07730	0.07730	0.07730	0.07730	0.07730
Orange County Cemetery District	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057
Orange County Department Of Education	0.01574	0.01574	0.01574	0.01574	0.01574	0.01574	0.01574	0.01574	0.01574	0.01574
Orange County Flood Control District General	0.02190	0.02190	0.02190	0.02190	0.02190	0.02190	0.02190	0.02190	0.02190	0.02190
Orange County General Fund	0.06827	0.06827	0.06827	0.06827	0.06827	0.06827	0.06827	0.06827	0.06827	0.06827
Orange County Harbors Beaches & Parks CSA	0.01693	0.01693	0.01693	0.01693	0.01693	0.01693	0.01693	0.01693	0.01693	0.01693
Orange County Sanitation District 2 Operating	0.03469	0.03469	0.03469	0.03469	0.03469	0.03469	0.03469	0.03469	0.03469	0.03469
Orange County Transportation Authority	0.00311	0.00311	0.00311	0.00311	0.00311	0.00311	0.00311	0.00311	0.00311	0.00311
Orange County Vector Control	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124
Orange County Water District	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893
Orange County Water District Water Reserve	<u>0.00013</u>	<u>0.00013</u>	<u>0.00013</u>	<u>0.00013</u>	<u>0.00013</u>	<u>0.00013</u>	<u>0.00013</u>	<u>0.00013</u>	<u>0.00013</u>	<u>0.00013</u>
Total Direct Rates/Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:										
Anaheim General Obligation Bond Fund	0.00215	0.00208	0.00225	0.00225	0.00267	0.00301	0.00345	0.00287	0.00352	0.00383
Anaheim Elementary School Districts	0.03193	0.02248	0.03544	0.02240	0.02811	0.02641	0.02495	0.02846		
Anaheim High School Districts	0.02617	0.02363	0.02516	0.02355	0.02444	0.02770	0.02370	0.02567		
North Orange County Community College	0.01662	0.01493	0.01502	0.01444	0.00520	0.00580	0.00610	0.00670	0.00770	0.00880
Water District Rate	<u>0.00430</u>	<u>0.00430</u>	<u>0.00450</u>	<u>0.00470</u>	<u>0.01666</u>	<u>0.01441</u>	<u>0.01597</u>	<u>0.01573</u>		
Total Direct and Overlapping Rates	<u>1.08117</u>	<u>1.06742</u>	<u>1.08237</u>	<u>1.06734</u>	<u>1.07708</u>	<u>1.07733</u>	<u>1.07417</u>	<u>1.07943</u>	<u>1.01122</u>	<u>1.01263</u>

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

² Excludes rates associated with Mello-Roos Districts.

Principal Property Tax Payers

Current Year and Nine Years Ago (In thousands)

Tax Payer	Fiscal Year		Fiscal Year	
	Rank	2010 Taxable Assessed Value	Rank	2001 Taxable Assessed Value
Walt Disney World Company	1	\$3,747,381	1	\$1,457,785
Lennar Platinum Triangle	2	213,460		
Maker Anaheim LLC	3	190,006		
Anaheim GW II LLC	4	116,740		
PPC Anaheim Apartments	5	108,243		
Maguire Properties	6	84,897		
Angeli LLC	7	84,668	3	76,880
Worldmark Club	8	81,600		
Anaheim Memorial Hospital	9	80,879		
Joan MTR Schlund	10	78,384	4	67,044
Kilroy Realty LP			7	58,834
Boeing North America			2	149,113
OTR			6	60,041
Fairfield Resorts, Inc.			8	57,005
James P. Crawford			5	64,105
Living Stream			9	47,818
Prologis California I LLC			10	46,707
Total		<u>\$4,786,258</u>		<u>\$2,085,332</u>

Property Tax Levies and Collections

Last Ten Fiscal Years (In thousands)

Fiscal Year	Total Secured Tax Levy	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections as of 6/30	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$75,421	\$73,455	97.39%	\$ 338	\$73,793	97.84%
2009	74,854	72,659	97.07%	1,742	74,401	99.39%
2008	70,625	68,805	97.42%	1,536	70,341	99.60%
2007	64,237	62,101	96.67%	920	63,021	98.11%
2006	57,488	56,462	98.22%	553	57,015	99.18%
2005	53,217	52,519	98.69%	543	53,062	99.71%
2004	49,877	49,005	98.25%	775	49,780	99.81%
2003	49,714	47,260	95.06%	621	47,881	96.31%
2002	44,256	43,464	98.21%	654	44,118	99.69%
2001	40,945	40,182	98.14%	603	40,785	99.61%

Source: Auditor-Controller, County of Orange

Ratios of Outstanding Debt by Type

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

	Fiscal Year				
	2010	2009	2008	2007	2006
Governmental Activities					
Bonds	\$ 810,504	\$ 805,068	\$ 793,343	\$ 740,107	\$ 740,959
Certificates of participation	12,990	13,840	23,333	26,788	30,066
Notes and loans	29,094	24,621	27,538	57,614	43,342
Capital leases	2,605	1,235	2,353	2,484	2,220
Total governmental activities	855,193	844,764	846,567	826,993	816,587
Business-Type Activities					
Bonds	805,925	829,707	689,791	706,126	513,874
Certificates of participation	38,000	38,000	88,185	96,475	125,087
Notes and loans	11,379	12,299	13,189	14,081	14,976
Capital leases				267	275
Total business-type activities	855,304	880,006	791,165	816,949	654,212
Total Government	\$1,710,497	\$1,724,770	\$1,637,732	\$1,643,942	\$1,470,799
Percentage of Personal Income	22.11%	22.84%	21.00%	21.15%	19.23%
Per Capita	\$ 4,837	\$ 4,950	\$ 4,742	\$ 4,757	\$ 4,292
	Fiscal Year				
	2005	2004	2003	2002	2001
Governmental Activities					
Bonds	\$ 739,775	\$ 737,538	\$ 734,079	\$ 729,955	\$ 725,861
Certificates of participation	33,174	36,107	38,941	41,679	44,274
Notes and loans	28,669	22,747	17,152	13,403	14,377
Capital leases	1,523	2,001	269	362	
Total governmental activities	803,141	798,393	790,441	785,399	784,512
Business-Type Activities					
Bonds	528,130	543,780	429,957	416,961	310,650
Certificates of participation	132,952	140,355	144,564	176,409	183,044
Notes and loans	15,842	16,678	17,485	18,264	19,403
Capital leases	180	349	509	660	802
Total business-type activities	677,104	701,162	592,515	612,294	513,899
Total Government	\$1,480,245	\$1,499,555	\$1,382,956	\$1,397,693	\$1,298,411
Percentage of Personal Income	20.80%	21.06%	19.73%	20.49%	20.94%
Per Capita	\$ 4,326	\$ 4,395	\$ 4,095	\$ 4,173	\$ 3,918

Note: Per capita amounts are estimates.

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

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

	Fiscal Year				
	2010	2009	2008	2007	2006
Bonds					
General Obligation	\$ 4,255	\$ 4,750	\$ 5,220	\$ 5,700	\$ 6,170
Lease Revenue	604,670	599,250	588,692	588,534	575,125
Tax Allocation	<u>200,997</u>	<u>200,254</u>	<u>199,431</u>	<u>152,135</u>	<u>159,664</u>
	809,922	804,254	793,343	746,369	740,959
Less amounts available in debt service fund	<u>69,043</u>	<u>63,560</u>	<u>57,995</u>	<u>39,075</u>	<u>39,232</u>
Total net obligation bonds outstanding	<u>\$740,879</u>	<u>\$740,694</u>	<u>\$735,348</u>	<u>\$707,294</u>	<u>\$701,727</u>
Percentage of Assessed Value of Property	2.14%	2.12%	2.17%	2.17%	2.46%
Per capita	\$ 2,095	\$ 2,126	\$ 2,129	\$ 2,047	\$ 2,048
	Fiscal Year				
	2005	2004	2003	2002	2001
Bonds					
General Obligation	\$ 6,625	\$ 7,060	\$ 7,460	\$ 7,850	\$ 8,205
Lease Revenue	569,016	562,118	554,361	546,152	538,207
Tax Allocation	<u>164,134</u>	<u>168,360</u>	<u>172,258</u>	<u>175,953</u>	<u>179,449</u>
	739,775	737,538	734,079	729,955	725,861
Less amounts available in debt service fund	<u>30,812</u>	<u>44,132</u>	<u>41,461</u>	<u>44,916</u>	<u>36,900</u>
Total net obligation bonds outstanding	<u>\$708,963</u>	<u>\$693,406</u>	<u>\$692,618</u>	<u>\$685,039</u>	<u>\$688,961</u>
Percentage of Assessed Value of Property	2.67%	2.77%	2.73%	3.13%	3.52%
Per capita	\$ 2,072	\$ 2,032	\$ 2,051	\$ 2,045	\$ 2,079

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

Source: Finance Department, City of Anaheim

Direct and Overlapping Governmental Activities Debt
As of June 30, 2010 (In thousands)

2009-10 Assessed Valuation	\$34,584,323
Redevelopment Incremental Valuation	<u>4,525,071</u>
Adjusted Assessed Valuation	<u>\$30,059,252</u>

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/10	% Applicable(1)	City's Share of Debt 6/30/10
Metropolitan Water District	\$264,220	1.658%	\$ 4,381
North Orange Joint Community College District	221,604	28.940	64,132
Rancho Santiago Community College District	313,656	15.037	47,164
Anaheim Union High School District	117,364	72.386	84,955
Fullerton Joint Union High School District	59,263	0.308	183
Placentia - Yorba Linda Unified School District	239,732	11.248	26,965
Anaheim School District	103,571	99.827	103,392
Magnolia School District	18,497	54.509	10,082
Other School Districts	78,510	Various	9,142
City of Anaheim	4,255	100.000	4,255
City of Anaheim Community Facilities Districts	18,675	100.000	18,675
Orange Unified School District Community Facilities Districts	12,165	9.786-100.000	6,301
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>379,627</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	391,027	8.027%	31,388
Orange County Pension Obligations	59,333	8.027	4,763
Orange County Board of Education Certificates of Participation	19,230	8.027	1,543
Yorba Linda County Water District Certificates of Participation	9,425	0.932	88
North Orange County Regional Occupation Program Certificates of Participation	11,520	29.945	3,450
Orange Unified School District Certificates of Participation	49,995	30.534	15,265
Orange Unified School District Benefit Obligations	92,665	30.534	28,294
Placentia-Yorba Linda Unified School District Certificates of Participation	86,810	11.248	9,764
Anaheim Union High School District Certificates of Participation	40,400	72.386	29,244
Fullerton Joint Union High School District Certificates of Participation	22,255	0.308	69
Centralia School District Certificates of Participation	1,465	12.437	182
Fullerton School District Certificates of Participation	6,900	0.193	13
City of Anaheim General Fund Obligations	601,852	100.000	601,852
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u>725,915</u>
Less: City of Anaheim Public Financing Authority (100% self-supporting)			<u>588,862</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u>137,053</u>

(continued)

Direct and Overlapping Governmental Activities Debt

As of June 30, 2010 (In thousands)

(continued)

GROSS COMBINED TOTAL DEBT	1,105,542
NET COMBINED TOTAL DEBT	516,680

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

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

Ratios to 2009-10 Assessed Valuation:

Direct Debt (\$4,255)	0.01%
Total Direct and Overlapping Tax and Assessment Debt	1.10%

Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt (\$606,107)	2.02%
Net Combined Direct Debt (\$17,245)	0.06%
Gross Combined Total Debt	3.68%
Net Combined Total Debt	1.72%

State School Building Aid Repayable as of 6/30/10: \$0

Source: California Municipal Statistics, Inc.

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

Legal Debt Margin

Last Ten Fiscal Years (In thousands)

	Fiscal Year				
	2010	2009	2008	2007	2006
Debt limit	\$ 4,316,398	\$ 4,399,359	\$ 4,270,983	\$ 3,976,084	\$ 3,612,156
Total net debt applicable to limit	(4,255)	(4,750)	(5,220)	(5,700)	(6,170)
Legal debt margin	<u>\$ 4,312,143</u>	<u>\$ 4,394,609</u>	<u>\$ 4,265,763</u>	<u>\$ 3,970,384</u>	<u>\$ 3,605,986</u>
Total net debt applicable to the limit as a percentage of debt limit	0.10%	0.11%	0.12%	0.14%	0.17%
<u>Legal Debt Margin</u>					
Assessed value	\$28,775,989	\$29,329,062	\$28,473,221	\$26,507,227	\$24,081,039
Debt limit (15% of total assessed value)	4,316,398	4,399,359	4,270,983	3,976,084	3,612,156
	Fiscal Year				
	2005	2004	2003	2002	2001
Debt limit	\$ 3,343,276	\$ 3,123,935	\$ 3,418,119	\$ 2,882,716	\$ 2,587,106
Total net debt applicable to limit	(6,625)	(7,060)	(7,460)	(7,850)	(8,205)
Legal debt margin	<u>\$ 3,336,651</u>	<u>\$ 3,116,875</u>	<u>\$ 3,410,659</u>	<u>\$ 2,874,866</u>	<u>\$ 2,578,901</u>
Total net debt applicable to the limit as a percentage of debt limit	0.20%	0.23%	0.22%	0.27%	0.32%
<u>Legal Debt Margin</u>					
Assessed value	\$22,288,504	\$20,826,232	\$22,787,461	\$19,218,106	\$17,247,371
Debt limit (15% of total assessed value)	3,343,276	3,123,935	3,418,119	2,882,716	2,587,106

Note:

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

Source: Finance Department, City of Anaheim

Pledged-Revenue Coverage
Last Ten Fiscal Years (In thousands)

Redevelopment - Tax Allocation Revenue Bonds

Fiscal Year	Tax Increment Revenue	Less Operating Expenses ¹	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$47,731	\$21,409	\$26,322		\$10,766	\$10,766	2.4449
2009	47,115	5,300	41,815		10,766	10,766	3.8840
2008	45,719	4,722	40,997	\$6,000	6,275	12,275	3.3399
2007	40,710	2,729	37,981	3,983	13,417	17,400	2.1828
2006	37,341	5,196	32,145	2,977	11,727	14,704	2.1861
2005	34,984	5,361	29,623	3,014	11,700	14,714	2.0133
2004	31,650	3,321	28,329	4,620	9,996	14,616	1.9382
2003	27,762	2,628	25,134	4,370	10,251	14,621	1.7190
2002	27,394	1,275	26,119	4,130	10,488	14,618	1.7868
2001	26,368	1,058	25,310	1,785	8,867	10,652	2.3761

¹ Operating expenses consist of ERAF contributions and pass through agreements.

Electric Utility Revenue Bonds

Fiscal Year	Electric Revenue	Less Operating Expenses ²	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$390,364	\$309,112	\$81,252	\$15,995	\$31,788	\$47,783	1.7004
2009	378,916	300,269	78,647	15,370	28,798	44,168	1.7806
2008	373,842	299,534	74,308	14,690	29,450	44,140	1.6835
2007	330,421	265,340	65,081	13,765	24,424	38,189	1.7042
2006	336,091	268,274	67,817	13,145	25,132	38,277	1.7717
2005	297,443	218,562	78,881	15,875	24,780	40,655	1.9403
2004	295,988	232,050	63,938	14,840	20,102	34,942	1.8298
2003	280,471	216,841	63,630	14,716	19,179	33,895	1.8773
2002	308,329	238,124	70,205	14,764	16,861	31,625	2.2199
2001	345,615	292,395	53,220	15,718	17,586	33,304	1.5980

² Operating expenses excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

(continued)

Pledged-Revenue Coverage

Last Ten Fiscal Years (In thousands)

(continued)

Water Utility Revenue Bonds

Fiscal Year	Water Revenue	Less Operating Expenses ³	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$57,787	\$45,231	\$12,556	\$1,490	\$2,544	\$4,034	3.1125
2009	53,039	40,123	12,916	1,435	1,967	3,402	3.7966
2008	51,052	41,190	9,862	1,375	325	1,700	5.8012
2007	51,595	43,203	8,392	1,325	379	1,704	4.9249
2006	47,904	39,110	8,794	1,870	450	2,320	3.7905
2005	44,484	33,312	11,172	1,340	485	1,825	6.1216
2004	44,659	35,602	9,057	1,625	819	2,444	3.7058
2003	43,669	29,775	13,894	1,540	906	2,446	5.6803
2002	43,944	31,103	12,841	1,465	990	2,455	5.2305
2001	43,995	26,479	17,516	1,400	2,094	3,494	5.0132

³ Operating expenses excludes amortization and depreciation.

Sanitation Revenue Bonds

Fiscal Year	Wastewater Revenue ⁵	Less Operating Expenses ⁶	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$11,773	\$5,452	\$6,321	\$775	\$2,224	\$2,999	2.1077
2009	10,913	5,176	5,737		2,224	2,224	2.5796
2008	10,299	5,167	5,132		1,532	1,532	3.3499
2007	10,113	6,734	3,379				

⁵ Amounts based on the notes to the basic financial statement, segment reporting.

⁶ Operating expenses excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

Demographic and Economic Statistics Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling²</u>	<u>School Enrollment</u>	<u>Orange County Unemployment Rate</u>
2010	353,643	\$7,737,265	\$21,879	32 ¹	12.2	68,331	9.50%
2009	348,467	7,553,022	21,675	32 ¹	12.2	68,890	9.30%
2008	345,349	7,799,016	22,583	32 ¹	12.2	68,663	5.30%
2007	345,556	7,771,554	22,490	32 ¹	12.2	69,296	3.90%
2006	342,717	7,649,443	22,320	32 ¹	12.2	70,793	3.70%
2005	342,186	7,115,416	20,794	32 ¹	12.2	71,314	3.90%
2004	341,184	7,119,828	20,868	30 ¹	12.2	71,637	3.60%
2003	337,720	7,010,392	20,758	30	12.2	71,488	4.00%
2002	334,922	6,820,017	20,363	30	12.2	70,651	4.00%
2001	331,374	6,201,664	18,715	30	12.2	69,361	3.00%

¹ Median age and education level based on census 2000.

² Per capita income for FY 2010 is estimated. Data not readily available.

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

Principal Employers Last Seven Fiscal Years

Employer	Fiscal Year							
	2010			2009			2008	
	Rank	Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment	Rank	Employees
Disneyland Resort	1	22,660	14.6%	1	20,050	12.6%	1	20,050
Kaiser Foundation Hospital	2	3,660	2.4%	2	3,660	2.3%	2	3,660
Airport Bus				3	2,000	1.3%		
Northgate Gonzalez Supermarkets	3	1,900	1.2%	4	2,000	1.3%	4	2,000
Anaheim Memorial Hospital Medical Center	4	1,185	0.8%	5	1,185	0.7%	5	1,185
A T & T	5	1,000	0.6%	6	1,000	0.6%	3	2,650
Honda Center	6	1,000	0.6%	7	1,000	0.6%	6	1,000
Hilton Anaheim	7	920	0.6%	8	920	0.6%	7	920
West Anaheim Medical Center	8	774	0.5%	9	774	0.5%	10	774
Anaheim Marriott Hotel	9	730	0.5%					
Alstyle Apparel	10	700	0.5%	10	750	0.5%	9	750
Long Beach Mortgage							8	800
Boeing North America								
Opal Concepts								
Anaheim Sports Incorporated								
Aramark at Angels Stadium of Anaheim								
SBC Communications								

Note: Statistics prior to Fiscal Year 2004 is not readily available.

Sources: California Employment Development Department
Inside Prospects Database

(continued)

Principal Employers Last Seven Fiscal Years

(continued)

<u>Employer</u>	<u>Fiscal Year</u>							
	<u>2007</u>		<u>2006</u>		<u>2005</u>		<u>2004</u>	
	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>
Disneyland Resort	1	22,470	1	23,105	1	21,350	1	22,650
Kaiser Foundation Hospital	2	3,880	2	3,660	2	2,580	4	1,500
Airport Bus								
Northgate Gonzalez Supermarkets	3	2,070	5	1,000				
Anaheim Memorial Hospital Medical Center	4	1,212	7	979	5	1,185	6	1,185
A T & T								
Honda Center	6	1,000	6	1,000				
Hilton Anaheim	7	950	8	900	6	960	7	1,000
West Anaheim Medical Center	10	774	10	774	8	774		
Anaheim Marriott Hotel								
Alstyle Apparel	5	1,000	4	1,600	7	875	8	1,000
Long Beach Mortgage	8	800	9	800				
Boeing North America			3	3,500	4	1,750	2	3,500
Opal Concepts					3	2,000	3	2,000
Anaheim Sports Incorporated					9	600	5	1,200
Aramark at Angels Stadium of Anaheim					10	350	10	700
SBC Communications	9	775					9	700

Note: Statistics prior to Fiscal Year 2004 is not readily available.

Sources: California Employment Development Department
Inside Prospects Database

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

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
City Council	5	5	5	5	5	5	5	5	5	5
City Administration	26	26	26	24	21	20	19	20	22	34
City Attorney	35	35	35	35	32	32	32	33	33	33
City Clerk	7	7	7	7	7	7	7	6	6	6
Human Resources	27	25	25	25	23	22	22	23	23	23
Finance	53	62	63	63	63	63	65	65	67	54
City Treasurer	12	6	6	6	6	6	6	6	6	6
Police	610	610	604	591	582	570	568	593	592	591
Fire	289	289	290	290	288	285	285	288	288	281
Community Development	106	109	108	114	120	119	112	111	110	110
Planning	93	94	97	96	95	96	96	97	91	93
Public Works	252	252	252	249	247	245	245	245	246	243
Community Services	180	183	184	183	183	179	188	192	195	192
Public Utilities	377	377	367	354	337	335	331	330	330	329
Convention, Sports and Entertainment	91	91	88	88	86	86	86	86	85	81
Total	<u>2,163</u>	<u>2,171</u>	<u>2,157</u>	<u>2,130</u>	<u>2,095</u>	<u>2,070</u>	<u>2,067</u>	<u>2,100</u>	<u>2,099</u>	<u>2,081</u>

Source: City of Anaheim

Operating Indicators by Function Last Seven Fiscal Years

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

(continued)

Operating Indicators by Function Last Seven Fiscal Years

(continued)

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

Note: Statistics prior to Fiscal Year 2004 is not readily available.

Source: Various City Departments

Capital Assets Statistics by Function Last Seven Fiscal Years

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

(continued)

Capital Assets Statistics by Function Last Seven Fiscal Years

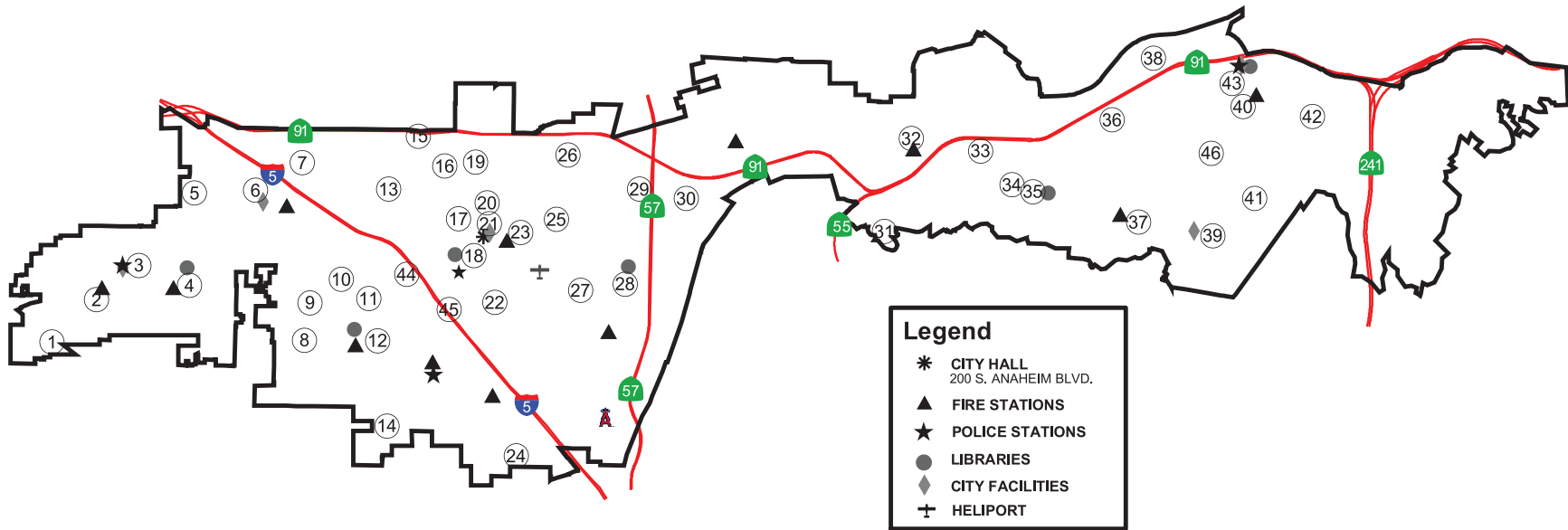
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<u>Function/Program</u>	<u>Fiscal Year</u>						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Public Utilities Department							
Electric Utility:							
Transmission, 69kV, circuit miles	80	80	80	77	69	70	70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

Note: Statistics prior to Fiscal Year 2004 is not readily available.

Source: Various City Departments

CITY OF ANAHEIM



PARKS

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

