

December 21, 2018

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

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

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

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

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

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

## **City of Buena Park Profile**

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

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

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

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

## **Local Economy**

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

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

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

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

### **Major Initiatives**

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

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

### **Long-term Financial Planning**

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

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

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

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

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

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

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

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

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

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

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

### **Acknowledgments**

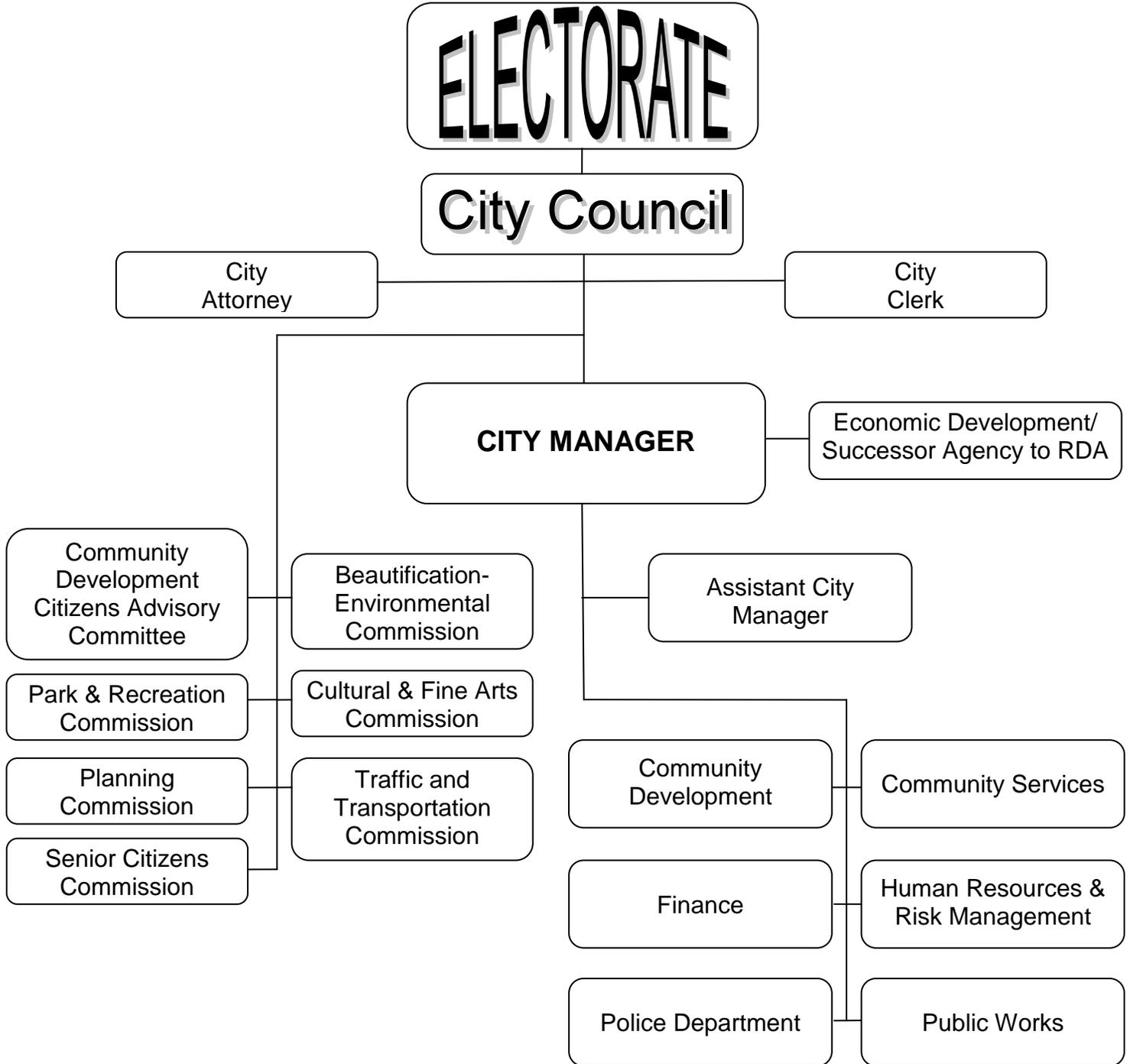
The preparation and publication of this report could not be accomplished without the dedication, professionalism, and teamwork of the Finance Department staff. I would like to express my sincere appreciation to all the members of the Finance Department. In addition, I want to acknowledge the efforts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

Respectfully submitted,

Sung Hyun  
Director of Finance

**CITY OF BUENA PARK**  
Organizational Chart

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**CITY OF BUENA PARK**  
**List of Principal Officials**

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CITY COUNCIL

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

ADMINISTRATION AND DEPARTMENT HEADS

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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Buena Park**  
**California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO