

December 22, 2020

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, 2020.

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, 2020. 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 complement 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 81,998.

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 replaced the previous at-large electoral voting system. The new system includes five voting districts, which are 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. 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.

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 Access Business Group, Leach International, and Yamaha. The City's Auto Center includes dealers of BMW, Buick/GMC, Cadillac, Chevrolet, Chrysler/Dodge/Jeep/Ram, Ford, Honda, Mercedes-Benz, Nissan, Tesla, and Toyota vehicles, as well as a CarMax Auto Superstore.

The worldwide crisis caused by the novel coronavirus (COVID-19) has negatively impacted the economy in historic magnitude. While the state and county's necessary stay-at-home orders have negatively affected all of the City's revenues, sales tax and transient occupancy tax (TOT) revenues have been profoundly affected. Sales tax is the largest revenue source in the City's General Fund, while TOT is among the top four revenues in the General Fund. There is still uncertainty on the length and depth of the economic suffering and subsequent recovery. Some economists are projecting a relatively quick recovery, while others are projecting a longer and slower recovery. Staff continues to monitor the City's exposure to these economic factors.

The City's general financial goal is to continue to provide high quality municipal services with the ability to adapt to local and regional economic changes while maintaining and enhancing the sound fiscal condition of the City. This goal has certainly been put to the test due to COVID-19. The City is addressing the revenue shortfall by utilizing reserve balances and instituting various cost reduction measures, such as a hiring freeze of non-essential positions.

While the City navigates the economic fallout caused by COVID-19, the priority continues to be providing quality municipal services to the residents, businesses, and visitors. There are certainly great fiscal challenges ahead to address the rising costs of these services coupled with decreased revenues. Buena Park continues to assess the impacts and remains sensitive to any significant shifts in the economic outlook and the ability to have further discussions and take further actions, as needed, to make prudent decisions to sustain fiscal stability.

Major Initiatives

To address the growing impacts of homelessness in Buena Park, the City completed construction on the Buena Park Navigation Center. This facility is a 150 bed homeless shelter that serves as transitional housing for those living on the streets and provides a stable setting with healthcare and other services. The long-term goal is to provide clients with the resources they need to permanently transition off the streets. The Center serves the North Orange County Service Planning Area (North SPA), which consists of 13 cities. Funding for the project was provided, largely in part, by the State through the Homeless Emergency Aid Program (HEAP) grant obtained by the North SPA,

The City has completed the following capital improvement projects in FY2019-20:

- Police Facility Water Heater Replacement
- Ehlers Event Center Restroom Remodel
- Entertainment Corridor Cameras and Telephones
- Beach Blvd. Median Improvements at 9th Street
- Orangethorpe Avenue and Indiana Street Improvements
- Lindbergh Park Equipment Replacement
- Electric Vehicles Charging Stations @ Ehlers Center and Community Center

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 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, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

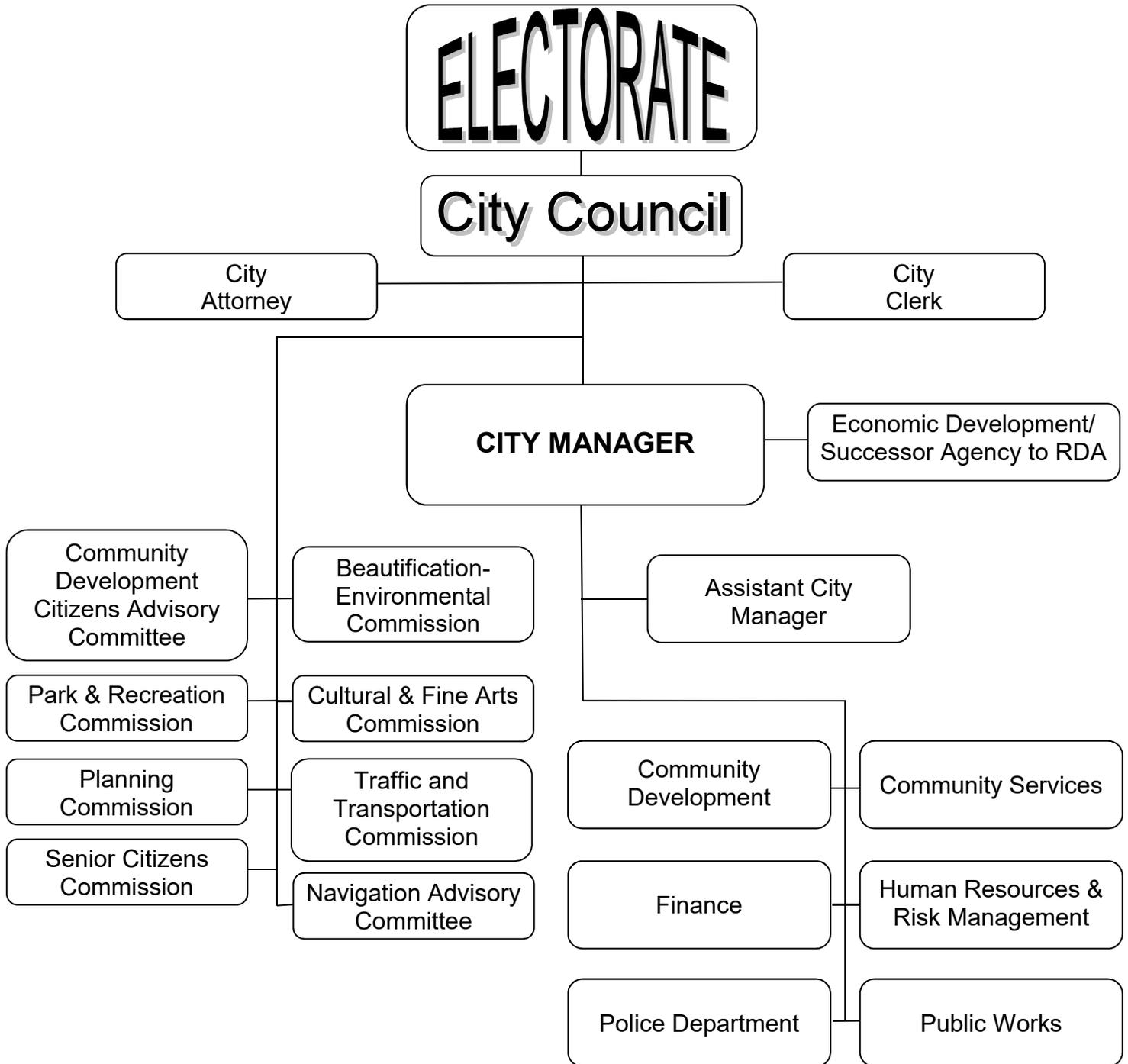
Acknowledgments

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

Respectfully submitted,

Sung Hyun
Director of Finance

CITY OF BUENA PARK
Organizational Chart



CITY OF BUENA PARK
List of Principal Officials

CITY COUNCIL

Mayor Connor Traut
Mayor Pro-Tem Sunny Youngsun Park
Council Member Arthur C. Brown
Council Member Susan Sonne
Council Member Elizabeth A. Swift, Ed.D.

ADMINISTRATION AND DEPARTMENT HEADS

Interim City Manager Aaron France
City Attorney Christopher Cardinale
City Clerk Adria M. Jimenez
Interim Assistant City Manager Eddie Fenton
Director of Community Development vacant
Director of Community Services James Box
Director of Finance Sung Hyun
Director of Human Resources and Risk Management Eddie Fenton
Police Chief Corey Sianez
Director of Public Works/City Engineer Nabil Henein



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, 2019

Christopher P. Morill

Executive Director/CEO