



# CITY OF SANTA ANA, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR  
ENDED JUNE 30, 2016

*Our purpose is to provide  
quality service to enhance  
the safety, livability and  
prosperity of our community.*



CITY OF SANTA ANA, CALIFORNIA

**2016**  
**Comprehensive Annual**  
**Financial Report**

For the Fiscal Year Ended June 30, 2016

Prepared by  
Finance & Management Services Agency

Francisco Gutierrez  
Executive Director



Comprehensive Annual Financial Report

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MAYOR

Miguel A. Pulido  
MAYOR PRO TEM  
Vicente F. Sarmiento  
COUNCILMEMBERS  
Angelica Amezcua  
P. David Benavides  
Michele Martinez  
Roman Reyna  
Sal Tinajero



CITY MANAGER  
David Cavazos  
CITY ATTORNEY  
Sonia R. Carvalho  
CLERK OF THE COUNCIL  
Maria D. Huizar

## CITY OF SANTA ANA

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[www.santa-ana.org](http://www.santa-ana.org)

December 7, 2016

Honorable Mayor, Members of the City Council and Residents of the City of Santa Ana:

In accordance with the requirements of the California State law and City Charter, it is our pleasure to present the Comprehensive Annual Financial Report (CAFR) for the City of Santa Ana (the City) for the fiscal year ended June 30, 2016. State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed independent certified public accountants.

The City's financial statements have been audited by White Nelson Diehl Evans LLP (WNDE), a firm of certified public accountants who were selected via a competitive bid process and subsequently awarded a contract on May 3, 2016. The auditors have issued unmodified opinions on these financial statements. Such opinions state that the auditors believe the City adhered to the applicable accounting regulations appropriately and that the financial report is fairly presented in all material respects in accordance with accounting principles generally accepted in the United States. Their report is located at the front of the financial section of the CAFR.

The CAFR consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. In making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government'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 GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the 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's MD&A can be found immediately following the report of the independent auditors.

### SANTA ANA CITY COUNCIL

Miguel A. Pulido  
Mayor  
[mpulido@santa-ana.org](mailto:mpulido@santa-ana.org)

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Mayor Pro Tem, Ward 1  
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## **Independent Audits**

The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved 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; and evaluating the overall financial statement presentation. WNDE concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

If over \$750,000 is expended on Federal Financial grant programs, the City is also required to undergo an annual "Single Audit" in conformity with the provisions of the Single Audit Act of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). For the year-ended June 30, 2016, the City expended over \$750,000 in federal grant monies and thus is required to undergo a Single Audit. The standards governing Single Audit engagements require the auditors to consider internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Due to the size and complexity of the City's financial systems and the timing of the audit, the Single Audit report is issued separately from the CAFR. The Single Audit reports are finalized during the first quarter of calendar year 2017 and available upon request.

## **City Profile**

The City provides a full range of municipal services, including: police and fire protection (contracted with Orange County Fire Authority), the construction and maintenance of streets and related infrastructure, municipal utilities such as water, sewer, refuse and sanitation, recreational activities, a public library along with various cultural events. Additionally, the City is responsible for three other legally separate entities which include the Successor Agency to the Santa Ana Redevelopment Agency, Housing Authority of the City of Santa Ana, and the Santa Ana Financing Authority.

Founded in 1869, Santa Ana is located in Southern California adjacent to the Santa Ana River, within 10 miles (16 km) from the California coast. The City is part of the Greater Los Angeles Area which, according to the U.S. Census Bureau, is the second largest metropolitan area in the U.S., with almost eighteen million people. Santa Ana is 57<sup>th</sup> most populous in the nation according to the 2011 Census data and the 11<sup>th</sup> largest in the State.

In 1952, the City was established as a charter city and adopted the council-manager form of government. Policy-making and legislative authority are vested in a governing City Council consisting of the Mayor and six Councilmembers. The City Council, among other things, is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and the City Clerk. The Council is nominated from wards, but elected at large and on a non-partisan basis. Councilmembers serve four-year staggered terms, while the Mayor is elected to serve a two-year term.

### **City Profile (continued)**

The City Manager is responsible for carrying out the policies and ordinances of the City Council as well as overseeing the day-to-day operations of the City. Furthermore, the City Manager is also responsible for developing and recommending the City's one-year Forecast and four-year financial projection through the development of the City's budget, which is then submitted to the City Council for approval.

Moreover, Santa Ana is the 2<sup>nd</sup> largest City within Orange County occupying 27.3 square miles and serving a population of 342,930. Centrally located within Orange County, the City houses both State and Federal agencies, County Administration, County Court functions and the Ronald Reagan Federal Court House within its civic center complex. The current Office of Management and Budget metropolitan designation for the Orange County Area is Santa Ana–Anaheim–Irvine.

Santa Ana is also home to many attractive amenities such as the Main Place shopping mall, the world renowned Bowers Museum, the Discovery Science Center, and the Santa Ana Zoo at Prentice Park which includes a variety of animal exhibits such as Tierra de las Pampas, and the Conservation Carrousel featuring Endangered Animals. Santa Ana also boasts many unique shops, premier restaurants and artist galleries in the Historic Downtown Santa Ana area.

The City currently houses nationally recognized schools such as Mater Dei High School and Orange County School of the Arts. Both academic institutions are well known for their college level academics program. Furthermore, Mater Dei is nationally recognized in athletics while the Orange County School of the Arts is highly recognized in music, dance and theatre.

Additionally, the Santa Ana Unified School District houses the most Charter schools within Orange County, including the newly established Advanced Learning Academy STEM (Science, Technology, Engineering, and Mathematics). The academy provides local youths an opportunity to obtain the necessary skills required to succeed in a post-secondary education.

Santa Ana is also the headquarters for many recognized companies such as Behr Paint, First American Corporation, Abbott Medical Optics, Yokohama Tires, Stearns Lending and SchoolsFirst Federal Credit Union a leading Credit Union serving the educational community for the region. The City also houses major regional headquarters for the Xerox Corporation, Psomas and Ultimate Software. One of Santa Ana's most notable businesses is the Rickenbacker musical instrument company, whose electric guitars and bass guitars earned fame in the hands of many rock and roll legends.

### **Economic Condition and Outlook**







On April 19, 2016, City Staff developed and presented a one-year financial forecast and four-year financial projection (Forecast). The long-range forecast is a useful tool and a financial management best practice to provide policy makers a road map guiding strategic decision-making. Key elements of the one year forecast are included in the proposed budget for fiscal year 2016-17 such as: continued maintenance of the twenty percent (20%) general fund reserve level, conservative and moderate growth for both Sales and Property Tax respectively along with continued implementation of innovation and efficiency measures.

Additionally, the forecast and financial projection reflects the City's maintenance of a balanced budget, specifically recurring revenues equal recurring appropriations. The forecast also incorporates increases in pension contribution rates along with increases to both negotiated employee compensation and health insurance respectively. However, in the event of an economic downturn, policy makers will have the ability to prioritize the programs and services within the context of the strategic plan and corresponding budget.



**Economic Condition and Outlook (continued)**

During the most recently completed fiscal year (2015-16), key economic indicators for the City are trending upward as follows:

<u>Indicator</u>	<u>Metric</u>	<u>Up/Down</u>
• <i>Number of Business Licenses</i>	29,107	
• <i>Building permits (issued)</i>	6,700	
• <i>Property Valuation</i>	\$23,013,226,208	
• <i>Sales Tax</i>	\$47,920,703	
• <i>Hotel Visitors Tax</i>	\$8,881,934	
• <i>Unemployment Rate</i>	5.2%	

As noted, the City is experiencing an economic renaissance where the number of business licenses and building permits issued have increased. This reflects the business community’s eagerness to enter the Santa Ana marketplace which feature high Property Values, increase in spending by the City’s residents and visitor’s in its retail and tourism sectors along with low unemployment rates.

Furthermore, staff continues to leverage the positive economic climate the City is currently operating under via establishment of economic incentives for its Auto Mall and funding of Public/Private partnerships which focus on short-term economic stabilization and long-term economic sustainability. As a result of this partnership, the following programs and related accomplishments have been achieved:

- City/Chamber Business Retention team
  - Over 250 business visited since 2015
- Creation of the Warner Industrial Assessment District
  - 50/50 share of resurfacing of Streets
- South Main Street Public Improvements
  - Over \$7 million will be invested within the next 5 years

Recently completed major economic projects include the following:

**Residential**

- The Madison
  - 219 residential units and 4 live/work units
  - 6,300 sq. ft. of Commercial space
  - Located in City Place at 301 E. Jeannette Place
- The Heritage
  - 1,225 unit Residential Development
  - 900 sq. ft. of retail space and 5,500 sq. ft. of restaurant space
  - Located at 201 E. Dyer Road

## **Economic Condition and Outlook (continued)**

### **Commercial**

- 4<sup>th</sup> Street Market
  - Re-purposed 30,000 sq. ft. building
  - Home to innovative dining options
  - Located in Downtown Santa Ana (4<sup>th</sup> Street)
  
- Discovery Cube Expansion
  - \$22 million investment to increase its current size
  - 44,000 sq. ft. of new building and renovated space
  - Located near 5 freeway and 22 freeway

In the upcoming fiscal year, the City will strive to continue momentum in spurring economic development via offering of incentives to build four or five star rated hotel along with continuing to support the arrival of the Street Car, which is an exciting Capital Project expected to spur economic development, create jobs and generate additional revenue for the City. Furthermore, the City has completed various repairs arterial and infrastructure improvements to City Streets and bikeways. The capital investment has allowed City visitors and residents the opportunity to travel in a safe, efficient and timely manner on its roadways.

### **Local Economy**

The City is located within the Los Angeles-Long Beach-Santa Ana Metropolitan area. The area is the 2<sup>nd</sup> highest producing metro area in the country as measured by Gross Metropolitan Product. The City is known as the heart of Orange County and the center of government, commerce and transportation. The City is also home to approximately 26,000 businesses (as measured by business licenses issued) with the top 25 businesses generating approximately 25% of the jurisdiction's total sales tax revenue. The City has a solid retail base, which is anchored by the Main Place Mall, the Santa Ana Auto Mall and an emerging downtown. The historic downtown area has attracted many new restaurants that surround a cultural artist village component.

Additionally, the City's general economic base includes transportation, general retail, and business-to-business, food industry and construction. Transportation and general retail make up approximately 50% of the City's sales tax base. However, the top five segments for the City are restaurants, service stations, auto sales, building materials, and department stores. These segments have shown a strong resurgence and demonstrate the growth of Santa Ana as a point of destination.

Currently the City is advancing on all key areas, the top six revenue sources for the City; sales tax, property tax, property in-lieu of vehicle license fees, utility users tax, business license and hotel visitors tax; met or exceeded budgeted projections. As noted previously, increased economic activity is reflected with surging valuations for both property and building which in turn is providing the City a stable and reliable sources of income (Property Tax and Building Permit fees).

### **Long-term financial planning**

Key elements in providing long term stability include; partnering with the various bargaining units to share the burden on pension and medical costs, implementation of innovation and efficiency measures, refinancing of existing debt to save millions in debt service costs, adjusting rates to recover millions in jail cost savings, and partnering with the Orange County Fire Authority for the delivery of Fire and Emergency Medical services.

During the budget process for FY 2012-13, the City committed to establishing a fundamental strategy of balancing budgets by adopting a formal budget and reserve policy, which provides guidelines for a balanced budget approach, use of one-time funds, and appropriate reserve levels as recommended by the Government Finance Officers Association (GFOA). At the end of fiscal year 2015-16, the City continued to maintain its reserve level of 20% of General Fund expenditures along with maintenance of its economic uncertainty account. The City also continues to evaluate its various funds to maintain adequate reserves levels to meet emergency repairs, capital needs and other unforeseen expenditures. Furthermore, as the city monitors local and national economic trends it will continue to evaluate the amount required to maintain as a reserve for its General Fund. In addition, to the reserve levels maintained within its General Fund, the City has also implemented various measures to improve the City's financial health, such as the establishment of the 20% operating expense reserve for its various enterprise and internal services funds.

As a result of the City department needs, staff's prudent financial management of their budget, continued implementation of innovations and efficiencies, and a continued increase in revenues along with monitoring of expenditures, the General Fund generated a surplus for fiscal year 2015-16. During an upcoming December City Council meeting, staff will present a plan which will address the City's Public Safety needs and adjustment to the City's Enterprise assessments.

As a means to provide additional services to the community and reduce the burden on city finances, the City will continue to research and apply for both Federal and State grant opportunities which are in alignment with City's Five-Year Strategic Plan. Through the efforts of our departments and the citywide grants task force, the City secured over \$35 million in in new grant funding for Public Safety, Active Transportation, Park Site and Improving Community Health.

Also through the efforts of the Santa Ana Police Department, the Department of Justice awarded the City funding for Community Oriented Policing Services (COPS) grant for the third consecutive year in the amount of \$1.25 million. The grant allows for the City to continue to fund an additional ten (10) police officers during the upcoming year, bringing the total police officers projected to be hired through this grant to thirty (30).

### **Relevant Financial Policies**

On June 4, 2012, the City Council adopted the Fiscal and Budget Policy, a comprehensive set of financial policies and General Fund budget policy directives. It established a directive that a balanced budget will be presented annually to the City Council for adoption. A balanced budget will be defined as ongoing recurring operating revenues matching ongoing recurring operating expenditures including debt services. Furthermore, the City has a policy that one-time or term-specific funding can only be used to match one-time non-recurring expenditures, term-specific projects and programs, as well as capital expenditures.

In addition, the fiscal policy provided the goal and framework for achieving the 20% in General Fund Reserves. These reserves can only be accessed by two-thirds vote of the City Council and must be accompanied by a plan to replenish the reserves to the original amount. During fiscal year 2015-16, the City continues to meet its 20% reserve for the General Fund which totals approximately \$42.4 million.

## Major Initiatives

The City has embarked on many initiatives within the Five-year Strategic Plan which include embracing community involvement, increase transparency, support future development, promote innovation and efficiencies, and improve the overall environment of the City. The adoption of the Strategic Plan marked a major milestone for both the City and the community which began in 2012 with the adoption of the Sunshine Ordinance. There are seven goals that will be achieved, including: 1) Community Safety, 2) Youth, Education, Recreation, 3) Economic Development, 4) City Financial Stability, 5) Community Health, Livability, Engagement & Sustainability, 6) Community Facilities & Infrastructure, and 7) Team Santa Ana. Under these goals are 33 objectives and 147 strategies that the City will undertake in order to accomplish the seven goals. Some of the objectives include:

- City was issued a “AA” Credit rating from Standard & Poor’s. The rating reflects the City’s commitment to fiscal management and policy framework; excellent labor relations, prudent use of debt; diversified revenue base; and flourishing economic development.
- A safe and secure community is essential to the quality of life and economic success for the City. The Santa Ana Police Department participated and collaborated with government agencies and community groups to assist in reducing criminal behavior and providing resources for the homeless population and to enhance security measures and continuing to provide a safe environment for City stakeholders.
- During the fiscal year, the Public Works Agency (PWA) has completed various projects including but not limited to the following: resurfacing of City arterial streets; park improvements such as installation of exercise equipment at Garfield Park and the installation of secure bike parking facilities powered by alternative energy sources; and the continued improvements of City roadways such as the Bristol widening project via the creation of an additional lane and a corresponding bikeway.
- The Santa Ana Police Department is updating the City’s Emergency Operation Center (EOC) emergency preparedness plan to include a community evacuation strategy to respond to natural disasters and partner with emergency assistance and disaster relief organizations to promote community awareness of emergency preparedness (e.g. citywide community preparedness day).
- The City’s Parks, Recreation & Community Services Agency (PRCSA) during the most recently completed fiscal year sponsored various events for the community. Key components of its program were events held within the City’s Downtown district such as the annual Fiestas parade and SOMOS (Sunday on Main Open Streets).
- The PRCSA also implemented approximately \$22 million in park improvement projects such as installation of new playground equipment; municipal stadium improvements refurbishing of community centers and repairs to various athletic fields and facilities.
- The City Library was named one of the 10 best Libraries as determined by the National Medal for Museum and Library Service.

**Major Initiatives (continued)**

- The City's Community Development Agency established an Economic Taskforce, implemented a "Buy local" campaign to continue supporting local business and developed an Economic Development Strategy to enhance future City Development.
- The City's Finance and Management Services Agency received an award from Government Finance Officers Association for Excellence in Budget Presentation.
- Established an Information Technology Agency and hired a Chief Technology Officer to oversee the implementation of the IT Strategic Plan initiatives.


**Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The City has received this prestigious award for thirty eight consecutive years. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the Finance Department, particularly the Accounting Division. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



David Cavazos  
City Manager



Francisco Gutierrez  
Executive Director  
Finance & Management Services



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report

GFOA Certificate of Achievement

Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2015



Government Finance Officers Association

Certificate of  
Achievement for  
Excellence in  
Financial  
Reporting

Presented to

**City of Santa Ana  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO

Directory of City Officials

June 30, 2016

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**Mayor Miguel Pulido**  
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**Mayor Pro-Tem Vicente Sarmiento**  
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**Councilmember David Benavides**  
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**Councilmember Michele Martinez**  
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**Councilmember Roman A. Reyna**  
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Directory of City Officials

June 30, 2016

---



**DAVID CAVAZOS**  
*CITY MANAGER*

**MARIA D. HUIZAR**  
*CLERK OF THE COUNCIL*

**SONIA R. CARVALHO**  
*CITY ATTORNEY*

*CITY MANAGER'S OFFICE*  
**ROBERT CORTEZ**  
*DEPUTY CITY MANAGER*

*FINANCE & MANAGEMENT SERVICES AGENCY*  
**FRANCISCO GUTIERREZ**  
*EXECUTIVE DIRECTOR*

*PERSONNEL SERVICES AGENCY*  
**EDWARD S. RAYA**  
*EXECUTIVE DIRECTOR*

*PLANNING & BUILDING AGENCY*  
**HASSAN HAGHANI**  
*EXECUTIVE DIRECTOR*

*POLICE DEPARTMENT*  
**CARLOS ROJAS**  
*POLICE CHIEF*

*PARKS, RECREATION & COMMUNITY SERVICES AGENCY*  
**GERARDO R. MOUET**  
*EXECUTIVE DIRECTOR*

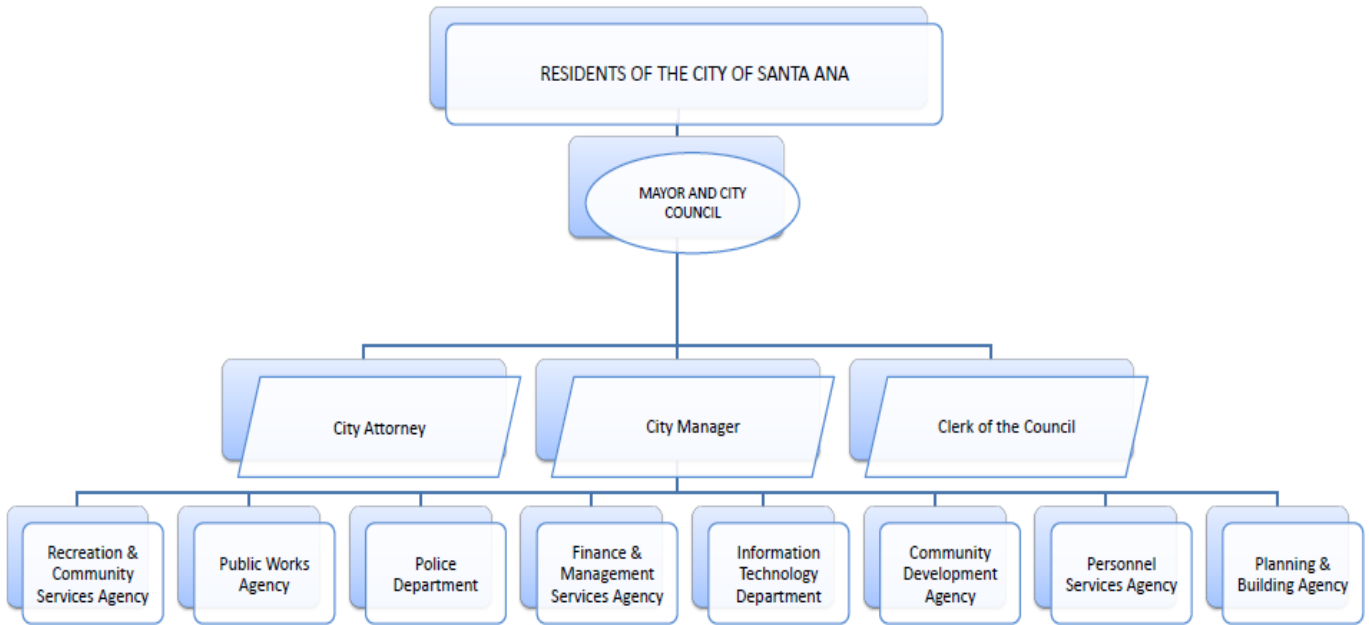
*PUBLIC WORKS AGENCY*  
**FARHAD MOUSAVIPOUR**  
*EXECUTIVE DIRECTOR*

*INFORMATION TECHNOLOGY DEPARTMENT*  
**JACK CIULLA**  
*CHIEF TECHNOLOGY INNOVATIONS OFFICER*

Table of Organization

Fiscal Year 2015-2016

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CITY OF SANTA ANA, CALIFORNIA

# Financial Section





## INDEPENDENT AUDITORS' REPORT

To the Honorable City Council  
of the City of Santa Ana  
Santa Ana, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Ana, California (the City), as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 17 to the financial statements, the City has restated the governmental activities net position and the fund balance of the general fund, special revenue grants fund, special revenue gas tax fund, capital projects housing successor agency fund, capital projects streets construction fund, and other governmental funds in the fiscal year 2015-2016 financial statements. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Report on Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules - General and Major Special Revenue Funds, Schedule of Funding Progress and Employer Contributions - Other Post-Employment Benefit Plan, and the City's Defined Benefit Plan Schedules Required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules (supplementary information), and statistical section, 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.

## **Other Matters (Continued)**

### *Other Information (Continued)*

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016, 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* in considering the City's internal control over financial reporting and compliance.

*White Nelson Dick Evans LLP*

Irvine, California  
December 7, 2016





CITY OF SANTA ANA, CALIFORNIA

# **Management's Discussion and Analysis**





## Management's Discussion and Analysis

As management of the City of Santa Ana (City), we offer the readers of the City's financial statements this narrative overview and analysis of financial activities for fiscal year end June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages 1-8 of this report. **All amounts, unless otherwise indicated, are expressed in millions of dollars.**

### Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2016 by \$755.8 million (net position). Of this amount, \$920.5 million is net investment in capital assets, \$159.1 million is restricted for various programs and a deficit of \$(323.8) million is unrestricted. The unrestricted net position deficit is largely attributable to the City's implementation of Government Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions.*" (GASB 68) and Governmental Accounting Standards Board Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68*" (GASB 71) during fiscal year 2014-15.
- The City's Cash and Investments (including restricted assets) increased \$9.8 million or 3.16% from fiscal year 2014-15 totaling \$309.0 million. The increase is largely as a result of the increase in Property taxes, Business taxes, Hotel visitors taxes, Franchise taxes and Sales tax shared revenues, as well as receipt of the Sales Tax Triple Flip along with the establishment of the Pension Stability Fund.
- The City's net position increased, which include both governmental and business-type activities, \$41.9 million during the current fiscal year. The increase is largely as a result of increases to the City's top six revenues which include but is not limited to various tax receipts for sales, property, business, hotel visitors and franchises along with a corresponding revenue increase to the City Enterprise Operations. Additionally, the net position increase is a result of reduction in labor costs via a moderated hiring strategy and implementation of innovation and efficiency measures.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$227.8 million, an increase of \$37.3 million (19.6%) as compared to the prior fiscal year. The increase was primarily due to the restatement of beginning fund balance in the amount of \$29.5 million (see Note 5 on page 126 of this report) and increase in tax revenues. Additionally, the positive fund balance is attributable to the General Fund unassigned fund balance increase.
- The City experienced a net increase in its total liabilities largely attributable to an increase to its Net Pension Liability. However, the City continues to maintain a positive Net Position and also has implemented a strategy to address its Pension Liability via the establishment of a Pension Stability Fund.

## Overview of the Financial Statements

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of 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 the following Departments: general government, human resources, finance and management services, museum, library, recreation and community services, police, fire, planning and building, public works and community development. The business-type activities of the City include the following Enterprise Activities: Water, Parking, Sewer, Sanitation, Refuse Collections, Transportation Center, and Federal Clean Water Protection.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also blended component units. Certain blended component units, although legally separate entities are, in substance, part of the primary government's operations for which there is a benefit/burden relationship and are included as part of the primary government. Accordingly, the Housing Authority and the Santa Ana Financing Authority (SAFA) are reported as part of the primary government. After the date of dissolution, the Successor Agency activities are reported in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund, a fiduciary fund. Fiduciary funds are not presented in the government-wide financial statements, as the resources are not available to support the City programs. The government-wide financial statements can be found on pages 38-40 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Grants, Special Revenue Housing Authority, Special Revenue Gas Tax, Capital Projects Housing Successor Agency, Capital Projects Street Construction, and Debt Service Santa Ana Financing Authority, all of which are considered to be major funds. Data from the other 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 *combining statements* in the Supplementary Information.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Housing Authority, Special Revenue Gas Tax and other nonmajor Special Revenue Funds, including Sewer Connection Fee, Civic Center Maintenance, Inmate Welfare and Air Quality Improvement. A budgetary comparison statement has been provided for such funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 45-51 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's enterprise funds account for Water, Parking, Sewer, Sanitation, Refuse Collections, Transportation Center, and Federal Clean Water Protection. *Internal service funds* are utilized to accumulate and allocate costs internally among the City's various functions. The City's internal service funds account for, amongst others, its self-insurance, equipment maintenance & replacement, and information & communications services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *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 fund financial statements provide separate information for the Water, Parking, Sewer, and Sanitation operations which are considered to be major funds of the City. Remaining nonmajor enterprise funds and all internal service funds are aggregated in a single column in the proprietary fund financial statements, respectively. Individual fund data for the nonmajor enterprise and all internal service funds are provided in the form of *combining statements* in the Supplementary Schedules.

The basic proprietary fund financial statements can be found on pages 53-60 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on page 61-62 and 181-185 of this report.

**Notes to the basic 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 basic financial statements can be found on pages 66-127 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budgetary information and compliance; Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Plan Contributions, and OPEB Schedule of Funding Progress. Required supplementary information can be found on pages 130-139 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information captioned supplementary schedules. Combining and individual fund statements and schedules can be found on pages 142-185 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources of the City's government-wide activities exceeded liabilities and deferred inflows of resources by \$755.8 million at the close of fiscal year 2015-16 reflecting a positive net position even with an increase in the City's Net Pension Liability during the current fiscal year.

By far the largest portion of the City net position reflects its investment in capital assets (e.g., land, right of way, street trees, construction in progress, buildings, improvements, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City utilizes these capital 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.

**City of Santa Ana  
Statement of Net Position**

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
<b>Assets:</b>						
Current and other assets	\$ 377.9	\$ 405.7	\$ 82.8	\$ 80.3	\$ 460.7	\$ 486.0
Capital assets, net of accumulated depreciation	944.4	933.8	109.4	107.6	1,053.8	1,041.4
Total assets	<u>1,322.3</u>	<u>1,339.5</u>	<u>192.2</u>	<u>187.9</u>	<u>1,514.5</u>	<u>1,527.4</u>
<b>Deferred outflows of resources:</b>						
Unamortized loss on bond defeasance	6.3	7.0	0.5	0.7	6.8	7.7
Deferred amounts on pension plans	31.9	27.5	2.0	1.7	33.9	29.2
Total deferred outflows of resources	<u>38.2</u>	<u>34.5</u>	<u>2.5</u>	<u>2.4</u>	<u>40.7</u>	<u>36.9</u>
<b>Liabilities:</b>						
Long-term liabilities	641.4	603.9	45.5	45.6	686.9	649.5
Other liabilities	71.6	15.5	9.3	9.4	80.9	24.9
Total liabilities	<u>713.0</u>	<u>619.4</u>	<u>54.8</u>	<u>55.0</u>	<u>767.8</u>	<u>674.4</u>
<b>Deferred inflows of resources:</b>						
Deferred amounts on pension plans	29.8	88.2	1.6	4.6	31.4	92.8
<b>Net position:</b>						
Net investment in capital assets	823.9	807.1	96.6	94.7	920.5	901.8
Restricted	156.3	238.0	2.8	2.9	159.1	240.9
Unrestricted	(362.6)	(378.7)	38.8	33.0	(323.8)	(345.7)
Total net position	<u>\$ 617.6</u>	<u>\$ 666.4</u>	<u>\$ 138.2</u>	<u>\$ 130.6</u>	<u>\$ 755.8</u>	<u>\$ 797.0</u>

A portion of the City's government-wide activities net position (21.05%) represents resources that are subject to external restrictions on how they may be used. As of June 30, 2016, the City's government-wide activities unrestricted net position maintains a deficit of \$323.8 million.

**Governmental activities.** Governmental activities increased the City's net position by \$34.3 million, thereby accounting for 81.86% of the total growth in net position. Key elements related to the increase is largely as a result of increase in Operating Grants and Contributions and the City's receipt of the State Mandated Triple Flip Sales Tax Reimbursement.

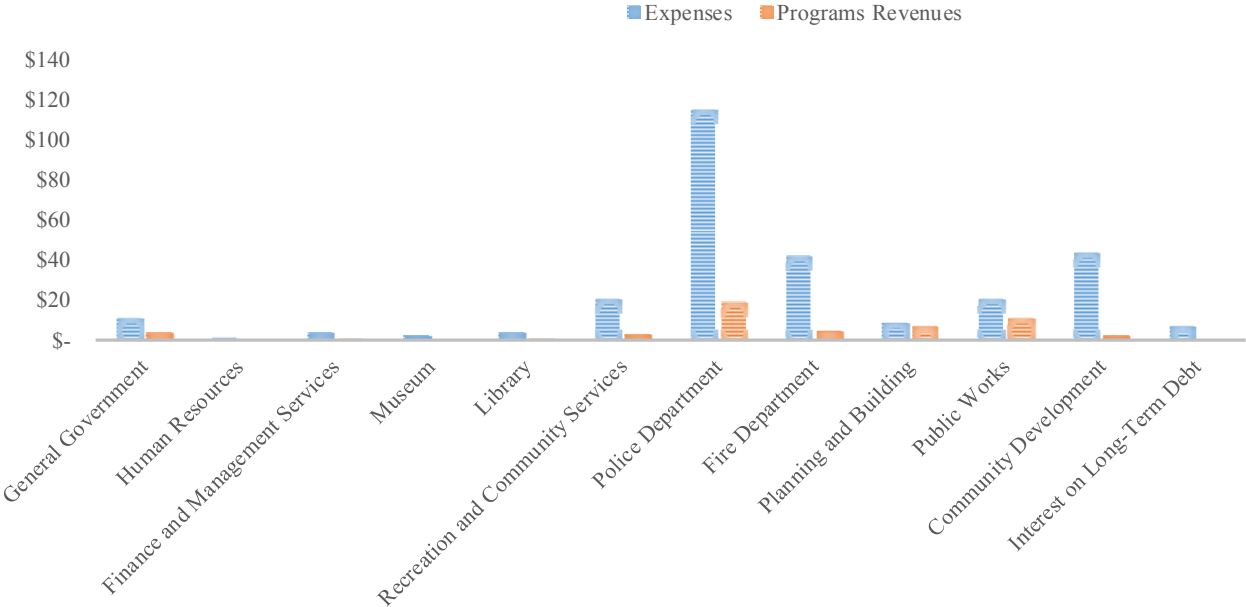
Additionally, a major component of the City's increase in net position is the continued implementation of Innovation and Efficiency measures. As a result, the City expenses decreased \$12.3 million when compared to the prior year. The Police Department has sought grant funding to augment current year operations; those efforts resulted in the City successfully receiving continued federal funding from Community Oriented Policing Services (COPS).

**City of Santa Ana**  
**Changes in Net Position**

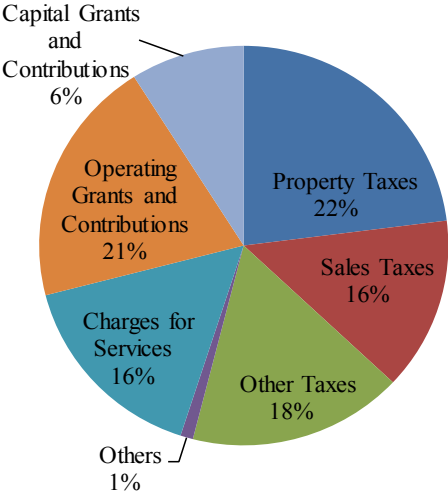
	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
<b>Program revenues:</b>						
Charges for services	\$ 50.3	\$ 51.6	\$ 85.1	\$ 84.8	\$ 135.4	\$ 136.4
Operating grants and contributions	65.5	64.7	-	0.1	65.5	64.8
Capital grants and contributions	19.9	25.6	-	-	19.9	25.6
<b>General revenues:</b>						
Property taxes	67.9	72.8	-	-	67.9	72.8
Hotels visitors' taxes	8.9	9.0	-	-	8.9	9.0
Utility users taxes	25.1	25.0	-	-	25.1	25.0
Business taxes	12.4	11.3	-	-	12.4	11.3
Franchise taxes	8.4	8.3	-	-	8.4	8.3
Other taxes	1.5	1.0	-	-	1.5	1.0
<b>Intergovernmental, unrestricted:</b>						
Motor vehicle licenses	0.1	0.1	-	-	0.1	0.1
State mandated costs & reimbursements	0.8	2.8	-	-	0.8	2.8
Sales tax shared revenue	49.8	45.2	-	-	49.8	45.2
Investment income (loss)	2.5	1.2	0.9	0.3	3.4	1.5
<b>Total revenues</b>	<b>313.1</b>	<b>318.6</b>	<b>86.0</b>	<b>85.2</b>	<b>399.1</b>	<b>403.8</b>
<b>Expenses:</b>						
General government	11.2	10.8	-	-	11.2	10.8
Human resources	1.6	1.1	-	-	1.6	1.1
Finance and management services	3.5	3.8	-	-	3.5	3.8
Museum	1.9	1.9	-	-	1.9	1.9
Library	3.6	4.0	-	-	3.6	4.0
Recreation and community services	20.7	21.5	-	-	20.7	21.5
Police department	114.9	123.8	-	-	114.9	123.8
Fire department	42.1	42.6	-	-	42.1	42.6
Planning and building	8.8	7.8	-	-	8.8	7.8
Public works	20.6	22.7	-	-	20.6	22.7
Community development	43.8	44.6	-	-	43.8	44.6
Interest on long-term debt	7.2	7.6	-	-	7.2	7.6
Water	-	-	41.9	45.2	41.9	45.2
Parking	-	-	4.3	2.9	4.3	2.9
Sewer	-	-	4.7	4.6	4.7	4.6
Sanitation	-	-	6.7	7.3	6.7	7.3
Refuse collections	-	-	16.5	15.9	16.5	15.9
Transportation center	-	-	1.2	1.2	1.2	1.2
Federal clean water protection	-	-	2.9	2.0	2.9	2.0
<b>Total expenses</b>	<b>279.9</b>	<b>292.2</b>	<b>78.2</b>	<b>79.1</b>	<b>358.1</b>	<b>371.3</b>
Increase in net position before transfers and capital contribution	33.2	26.4	7.8	6.1	41.0	32.5
Capital Contribution	0.9	0.6	-	-	0.9	0.6
Transfers	0.2	-	(0.2)	-	-	-
Increase in net position	34.3	27.0	7.6	6.1	41.9	33.1
Net position beginning (as restated)	583.3	639.4	130.6	124.5	713.9	763.9
Net position ending	\$ 617.6	\$ 666.4	\$ 138.2	\$ 130.6	\$ 755.8	\$ 797.0



**Expenses and Program Revenues – Governmental Activities**



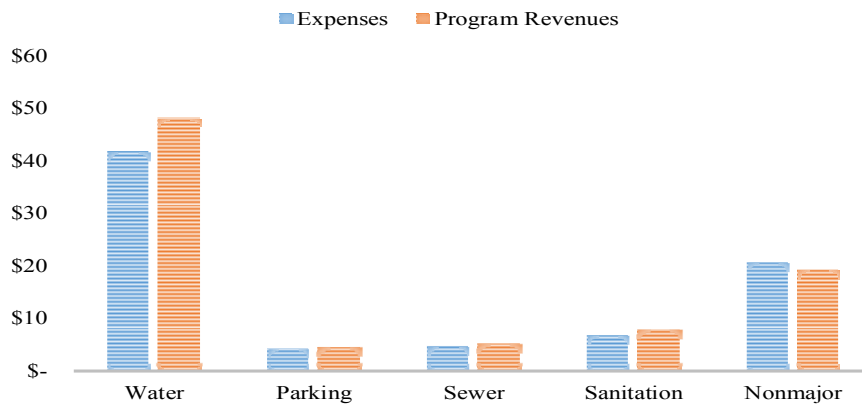
**Revenue by Source – Governmental Activities**



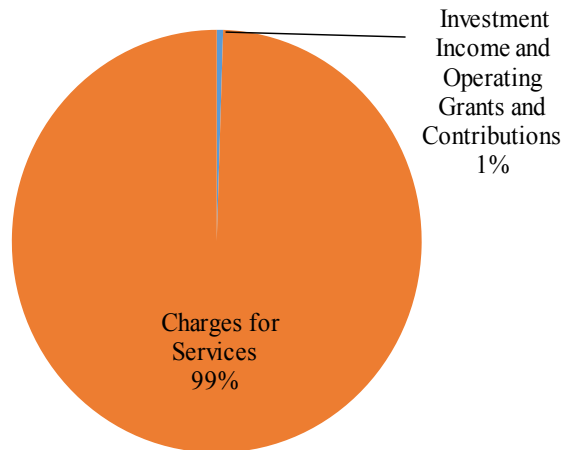
**Business-type activities.** Business-type activities increased the City’s net position by \$7.6 million accounting for 18.14% of the total growth in the City’s net position during the current fiscal year end June 30, 2016 in comparison to the previous fiscal year. The increase is as a result of charges for services continuing to outpace expenses, specifically the following:

- The Water Enterprise is in its first full year in implementation of its Water Rate increase. The increase in charges for services along with the concurrent implementation of the mandatory 12% reduction in water usage program in response to the severe drought in California and safeguarding the state’s remaining water supplies, resulted in a positive operating position.
- Sanitation revenues have outpaced expenditures resulting in positive net position in the amount of \$1.3 million.
- Total expenses for business-type activities decreased by \$0.9 million as compared to the prior fiscal year. The decrease was primarily due to the decrease in purchased commodities and labor savings during fiscal year 2015-16.

**Expenses and Program Revenues – Business-Type Activities**



**Revenue by Source – Business-Type Activities**



## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure a demonstrated compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned 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 combined ending total fund balances of \$227.8 million of which \$46.6 million constitutes the *unassigned fund balance*. The remainder of the total governmental fund balance is allocated as follows: 1) \$27.1 million assigned to both contractual obligations and continuing projects; 2) \$0.01 million is for non-spendable items; and 3) \$154.1 million is restricted for specific spending.

The General Fund is the chief operating fund for the City. At the end of the current fiscal year, the fund balance of the General Fund was \$76.9 million (\$1.5 million is restricted; \$27.1 million is assigned for various programs and services; and the unassigned amount of \$48.4 million includes the City's Operating Reserve and Economic Uncertainty funds and the remaining funds are unallocated). Significant improvements in the General Fund's fund balance were achieved as a result of increases in revenues along with various cost reduction strategies implemented over the previous fiscal years.

From a revenue perspective, Santa Ana's major revenue sources within the General Fund continue to show signs that the economy is both improving and experiencing modest growth. During fiscal year 2015-16, Sales Tax shared revenue and hotel visitors taxes increased. Additionally, continued increases in Building Permits and investment income reflect the upward economic trajectory for the City and region.

The City continues to implement various administrative cost reduction strategies. During fiscal year 2015-16, the City's General Fund expenditures were under budget. However, during the current fiscal year, actual expenditures increased year over year as a result of the City providing its employees cost of living adjustment and the City's strategy in increasing funding to various programs and services for its Parks, Recreation, and Community Services Agency and Planning and Building Agency.

As a measure of General Fund liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. The Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures, roughly a 15% to 20% reserve level. The City's unassigned fund balance in the General Fund is approximately 22.56% (\$48.4 million) of total fiscal year 2015-16 General Fund expenditures and transfers out.

The Special Revenue Grants' ending fund balance is \$9.5 million during fiscal year 2015-16 when compared to fiscal year 2014-15 in the amount of \$9.9 million. The decrease was primarily due to the City expending its grant funding in accordance with program related requirements.

The Capital Projects Housing Successor Agency fund balance increased to \$46.5 million, an increase of \$27.2 million largely as a result of restatement of beginning fund balance to adjust the value of its Notes Receivable to present value from a cost value perspective. The adjustment reflects a more conservative assessment related to the collectability of the loan.

**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 Water Fund's net position increased \$5.6 million during fiscal year 2015-16 as compared to fiscal year 2014-15. The increase was primarily due to implementation of an increase in water rates and corresponding reduction in water purchases.

The Parking Fund's net position increased \$0.3 million during fiscal year 2015-16 as compared to fiscal year 2014-15. The increase is largely reflective of the operations implantation of extensive moderation of its parking structures.

Unrestricted net position related to business-type activities increased \$5.8 million for a total amount of \$38.8 million. The increase is largely as a result of the enterprise activities experiencing positive operational change in net position due to increase in revenues (Water and Sewer).

### **General Fund Budgetary Highlights**

During the year, there was an increase in the amount of \$14.0 million between the original and final amended budget appropriations. The increase was mainly as a result of an increase in non-departmental expenditures to fund various programs and services previously appropriated in prior fiscal years.

Actual General Fund revenues were \$3.5 million under budget or 1.54%. The shortfall was as a result of the City's Jail facility revenue (Rental Income) being \$4.4 million under projection. As a whole, final budgeted revenues exceeded final budgeted expenditures by \$27.2 million reflecting the City's monitoring of expenditures and implementation of innovation and efficiency measures.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities was \$1,053.8 million (net of accumulated depreciation) as of June 30, 2016. The investment in capital assets includes land, right of way, street trees, construction in progress, buildings, improvements, equipment, library material, computer software and infrastructure.

**City of Santa Ana**  
**Capital Assets**  
 (net of accumulated depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 14.3	\$ 13.2	\$ 8.0	\$ 8.0	\$ 22.3	\$ 21.2
Right of way	495.6	455.0	-	-	495.6	455.0
Street trees	8.0	7.7	-	-	8.0	7.7
Construction in progress	66.7	130.3	6.6	7.3	73.3	137.6
Buildings	62.7	68.6	1.9	2.1	64.6	70.7
Improvements	41.4	32.7	77.4	75.0	118.8	107.7
Equipment	8.6	7.6	5.8	5.1	14.4	12.7
Infrastructure	242.6	213.4	9.5	9.9	252.1	223.3
Library materials	1.0	1.0	-	-	1.0	1.0
Computer software	3.6	4.3	0.2	0.2	3.8	4.5
<b>Total</b>	<b>\$ 944.5</b>	<b>\$ 933.8</b>	<b>\$ 109.4</b>	<b>\$ 107.6</b>	<b>\$ 1,053.9</b>	<b>\$ 1,041.4</b>

At the end of the current fiscal year, the City's total capital assets increased by \$12.5 million (1.20%). The increase is primarily due to an increase in commencement of infrastructure projects, denoted as Construction in Progress, during the current fiscal year. Additional information on the City's capital assets can be found in Note 3B on pages 84-86 of this report.

**Long-term debt.** At the end of the current fiscal year, the City maintained total bonded debt and loans outstanding in the amount of \$150.0 million. Of this amount, \$99.6 million comprised of debt backed by the full faith and credit of the City, \$43.5 million represents bonds secured solely by specified revenue sources, and \$6.9 million in capital lease obligations and long-term loans.

**City of Santa Ana**  
**Long-term Bonded Debt and Loans**

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Capital lease obligations	\$ 4.6	\$ 4.3	\$ -	\$ -	\$ 4.6	\$ 4.3
Certificates of participation	60.5	61.9	-	-	60.5	61.9
Lease revenue bonds	28.4	31.0	15.1	15.7	43.5	46.7
Private placement financing	37.7	41.5	-	-	37.7	41.5
Certificates of participation	-	-	-	0.5	-	0.5
Long-term loans & other payables	2.0	2.0	0.3	0.5	2.3	2.5
Less: Bond Discount	(0.8)	(0.8)	-	-	(0.8)	(0.8)
Add: Bond premium	-	-	2.2	2.4	2.2	2.4
<b>Total</b>	<b>\$ 132.4</b>	<b>\$ 139.9</b>	<b>\$ 17.6</b>	<b>\$ 19.1</b>	<b>\$ 150.0</b>	<b>\$ 159.0</b>

At the end of the current fiscal year, Governmental Activities long-term debt had a decrease of \$7.5 million primarily due to the principal repayment of existing debt. The long-term debt associated with Business-type Activities decreased \$1.5 million also due to the principal repayment of existing debt and no issuance of additional debt. Additional information on the City’s long-term debt may also be found in Note 3D on pages 89 through 100.

**Economic Factors and Next Year's Budget and Rates**

The City will continue to build upon its budget and financial policies to ensure future fiscal sustainability. In addition, the City will continue to carry out a work plan to ensure that all financial internal processes undergo an independent assessment as it continues to maintain its financial stability. The City is well-positioned to adjust to an economic retraction via the funding and/or implementation of its various reserve and stability accounts:

<u>Account Name</u>	<u>Amount</u>
• Twenty Percent (20%) Operating Reserve	\$ 42.4 million
• Economic Uncertainty	\$ 3.8 million
• Pension Stability	\$ 1.0 million
• Jail Stability	\$ 1.0 million

The funding of the above-referenced accounts provides the Mayor and City Council the necessary tools to navigate a potential downturn. Additionally, the City established the accounts to augment reductions in various programs (Jail Facility revenues) along with forecasting potential increases in expenditures, Employer related Pension Contribution rates (Pension Stability). The initiatives and funding of the reserve/stability funds are aligned with the City’s annual completion of its one-year forecast and four-year financial projection which identifies potential factors that may risk revenue or expenditure variances.

**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 financial information should be addressed to the Executive Director of Finance & Management Services, City of Santa Ana, 20 Civic Center Plaza, Santa Ana, CA 92701.

CITY OF SANTA ANA, CALIFORNIA

# Basic Financial Statements







CITY OF SANTA ANA, CALIFORNIA

# **Government - wide Financial Statements**





**Statement of Net Position**  
**June 30, 2016**

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 231,006,095	\$ 65,416,600	\$ 296,422,695
Receivables:			
Taxes	9,595,641	-	9,595,641
Interest	491,153	96,738	587,891
Accounts, net of allowances	5,884,484	12,358,967	18,243,451
Intergovernmental	17,747,861	-	17,747,861
Loans and notes	79,906,147	-	79,906,147
Advance to Successor Agency to the Santa Ana Redevelopment Agency	4,751,291	-	4,751,291
Interfund balances	139,603	(139,603)	-
Inventory of supplies	723,377	-	723,377
Prepaid items	15,961	-	15,961
Restricted assets:			
Cash and investments	570,392	5,100,674	5,671,066
Cash and investments with fiscal agents	6,919,493	-	6,919,493
Pension stability fund	500,008	-	500,008
Land held for resale	19,554,666	-	19,554,666
Capital assets, not being depreciated	584,480,357	14,572,537	599,052,894
Capital assets, being depreciated, net of accumulated depreciation	359,984,711	94,796,783	454,781,494
Total assets	<u>1,322,271,240</u>	<u>192,202,696</u>	<u>1,514,473,936</u>
<b>Deferred outflows of resources:</b>			
Unamortized loss on bond defeasance	6,258,218	490,410	6,748,628
Deferred amounts on pension plans	31,928,032	1,985,757	33,913,789
Total deferred outflows of resources	<u>38,186,250</u>	<u>2,476,167</u>	<u>40,662,417</u>
<b>Liabilities:</b>			
Accounts payable	9,294,846	7,126,160	16,421,006
Interest payable	64,096	239,681	303,777
Retention payable	516,405	22,410	538,815
Due to other governmental agencies	50,324,802	-	50,324,802
Deposits	570,049	1,502,250	2,072,299
Unearned revenue	10,910,814	464,793	11,375,607
Long-term liabilities- due within one year	22,047,153	1,296,279	23,343,432
Long-term liabilities- due in more than one year	167,098,747	18,059,478	185,158,225
Postemployment benefits obligation	9,315,209	984,204	10,299,413
Net pension liability	442,898,756	25,145,479	468,044,235
Total liabilities	<u>713,040,877</u>	<u>54,840,734</u>	<u>767,881,611</u>
<b>Deferred inflows of resources:</b>			
Deferred amounts on pension plans	29,794,597	1,611,675	31,406,272
<b>Net Position:</b>			
Net investment in capital assets	823,975,376	96,563,322	920,538,698
Restricted for:			
Debt service	11,107	-	11,107
Capital projects	22,864,723	-	22,864,723
National pollution discharge elimination system	-	2,858,591	2,858,591
Community Development	3,805,633	-	3,805,633
Recreation & Community Services	1,750,035	-	1,750,035
Public Safety	6,610,674	-	6,610,674
Public Works	70,601,008	-	70,601,008
Special revenue housing authority projects	50,060,308	-	50,060,308
Pension stability	500,008	-	500,008
Unrestricted	(362,556,856)	38,804,541	(323,752,315)
Total net position	<u>\$ 617,622,016</u>	<u>\$ 138,226,454</u>	<u>\$ 755,848,470</u>

See accompanying Notes to the Basic Financial Statements.

**Statement of Activities**  
**Year ended June 30, 2016**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 11,226,135	3,841,909	-	-
Human resources	1,571,603	-	-	-
Finance and management services	3,468,076	742,453	540,940	-
Museum	1,934,031	-	-	-
Library	3,563,980	68,208	96,609	-
Recreation and community services	20,754,012	3,176,837	3,063,225	4,082,166
Police department	114,937,200	18,746,665	7,892,931	-
Fire department	42,051,492	4,623,349	-	-
Planning and building	8,773,388	6,830,216	28,772	-
Public works	20,596,247	10,579,648	7,495,295	12,689,414
Community development	43,778,455	1,721,244	46,400,210	3,109,965
Interest on long-term debt	7,207,666	-	-	-
Total governmental activities	\$ 279,862,285	50,330,529	65,517,982	19,881,545
Business-type activities:				
Water	41,947,048	48,289,170	-	-
Parking	4,296,578	4,472,379	-	-
Sewer	4,684,854	5,125,015	-	-
Sanitation	6,674,674	7,972,953	-	-
Refuse collections	16,463,039	18,230,163	-	-
Transportation center	1,245,214	592,600	-	-
Federal clean water protection	2,877,818	365,184	-	-
Total business-type activities	78,189,225	85,047,464	-	-
Total	\$ 358,051,510	135,377,993	65,517,982	19,881,545
General revenues:				
Property taxes				
Hotels visitors taxes				
Utility users taxes				
Business taxes				
Franchise taxes				
Other taxes				
Intergovernmental, unrestricted:				
Motor vehicle licenses				
State mandated costs & reimbursements				
Sales tax shared revenue				
Investment income				
Other revenues				
Capital contributions				
Transfers				
Total general revenues				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

See accompanying Notes to the Basic Financial Statements.

STATEMENT OF ACTIVITIES

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$	\$	\$
(7,384,226)	-	(7,384,226)
(1,571,603)	-	(1,571,603)
(2,184,683)	-	(2,184,683)
(1,934,031)	-	(1,934,031)
(3,399,163)	-	(3,399,163)
(10,431,784)	-	(10,431,784)
(88,297,604)	-	(88,297,604)
(37,428,143)	-	(37,428,143)
(1,914,400)	-	(1,914,400)
10,168,110	-	10,168,110
7,452,964	-	7,452,964
(7,207,666)	-	(7,207,666)
\$ (144,132,229)	\$ -	\$ (144,132,229)
-	6,342,122	6,342,122
-	175,801	175,801
-	440,161	440,161
-	1,298,279	1,298,279
-	1,767,124	1,767,124
-	(652,614)	(652,614)
-	(2,512,634)	(2,512,634)
-	6,858,239	6,858,239
\$ (144,132,229)	\$ 6,858,239	\$ (137,273,990)
67,901,887	-	67,901,887
8,881,934	-	8,881,934
25,102,410	-	25,102,410
12,384,036	-	12,384,036
8,448,820	-	8,448,820
1,519,833	-	1,519,833
135,273	-	135,273
764,513	-	764,513
49,848,533	-	49,848,533
2,451,764	895,112	3,346,876
13,595	-	13,595
857,147	-	857,147
167,519	(167,519)	-
178,477,264	727,593	179,204,857
34,345,035	7,585,832	41,930,867
583,276,981	130,640,622	713,917,603
\$ 617,622,016	\$ 138,226,454	\$ 755,848,470



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

# **Fund Financial Statements**







## Governmental Funds

### Major Governmental Funds

#### GENERAL FUND

The General Fund must be classified as a major fund and is used to account for revenues and expenditures that are not required to be accounted for in another fund.

#### SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of special revenue sources that are restricted by law or administrative action to expenditures for specific purposes. The following have been classified as major funds in the accompanying financial statements:

Grants Fund is a combined report of various grants awarded to the City by the Federal, State, and local governments not otherwise accounted for in the General Fund or Capital Projects Funds. A detailed report by program is available under a separate report meeting the criteria of the Uniform Guidance, for all grants operated by the City.

Housing Authority Fund accounts for the receipt and disbursement of funds received from the U.S. Department of Housing and Urban Development to provide rental assistance programs for low income residents and senior citizens under Section 8 of the Federal Housing Act of 1937 as amended, and for the receipt of revenues from the issuance of Residential Mortgage Revenue Bonds.

Gas Tax Fund accounts for the receipts and expenditures of money apportioned under Streets and Highway Code Sections 2103, 2105, 2106, and 2107 of the State of California.

#### CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds. The following Capital Projects Funds have been classified as major funds in the accompanying financial statements:

Capital Project Housing Successor Agency accounts for the receipts and expenditures relating to the Housing Successor Agency in accordance with the California Health and Safety Code.

Street Construction Fund accounts for the receipts and disbursements of funds for right-of-way acquisition, construction and improvements related to the City's street system. These projects are funded by gas taxes, Measure M, Intermodal Surface Transportation Efficiency Act and improvement fees.

#### DEBT SERVICE FUNDS

The Debt Service Funds account for the servicing of the long-term debt not being financed by proprietary or nonexpendable trust funds. The following Debt Service Fund has been classified as a major fund in the accompanying financial statements:

Santa Ana Financing Authority (SAFA) Fund accounts for the receipt of revenues and payment of debt service related to the Police Administration and Holding Facility Lease Revenue Bonds, 2014 Water Private Placement Financing, and the Refunding Revenue Bonds.

### Nonmajor Governmental Funds

Other Governmental Funds - These funds constitute all other governmental funds that do not meet the major 10% tests of assets, liabilities, revenues or expenditures for the governmental funds and the 5% test of total assets, liabilities, revenues or expenditures for the total governmental and enterprise funds combined. These funds include other Special Revenue Funds and several Capital Projects Funds, including the Capital Grants Fund.

CITY OF SANTA ANA

**Balance Sheet  
Governmental Funds  
June 30, 2016**

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
<b>Assets</b>				
Cash and investments	\$ 65,990,716	\$ 7,642,970	\$ 3,512,993	\$ 12,613,302
Receivables, net of allowances:				
Taxes	9,595,641	-	-	-
Interest	106,655	8,438	3,560	16,916
Accounts	3,219,376	8,013	33,402	-
Intergovernmental	7,733,874	2,487,004	15,269	524,218
Loans and notes	-	51,501,146	-	-
Prepaid items	-	-	15,961	-
Advance to Successor Agency to the Santa Ana Redevelopment Agency	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	304,302
Cash and investments with fiscal agents	845,055	50,378	277,316	4,213,039
Pension stability funds	500,008	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>87,991,325</u>	<u>61,697,949</u>	<u>3,858,501</u>	<u>17,671,777</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable	4,158,621	1,330,356	10,809	328,733
Interest payable	31,860	-	-	-
Retention payable	-	54,336	-	-
Due to other funds	-	-	-	-
Due to other governmental agencies	-	50,322,982	1,820	-
Grant Advances	-	-	-	-
Deposits	292,733	-	277,316	-
Advances payable to other funds	2,628,000	-	-	-
Unearned revenue	3,952,667	-	-	-
Total liabilities	<u>11,063,881</u>	<u>51,707,674</u>	<u>289,945</u>	<u>328,733</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	-	533,528	33,402	-
<b>Fund balances:</b>				
Nonspendable	-	-	15,961	-
Restricted	1,454,962	9,826,316	3,519,193	17,343,044
Assigned	27,077,619	-	-	-
Unassigned	48,394,863	(369,569)	-	-
Total fund balances	<u>76,927,444</u>	<u>9,456,747</u>	<u>3,535,154</u>	<u>17,343,044</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 87,991,325</u>	<u>\$ 61,697,949</u>	<u>\$ 3,858,501</u>	<u>\$ 17,671,777</u>

See accompanying Notes to the Basic Financial Statements.

**GOVERNMENTAL FUNDS**

Capital Projects Housing Successor Agency	Capital Projects Street Construction	Debt Service SAFA	Nonmajor Governmental Funds	Total
\$ 10,132,001	\$ 33,171,470	\$ 40,609	\$ 31,701,878	\$ 164,805,939
-	-	-	-	9,595,641
9,511	35,535	2,734	27,618	210,967
-	-	-	404,507	3,665,298
-	5,631,505	-	1,355,991	17,747,861
28,405,001	-	-	-	79,906,147
-	-	-	-	15,961
4,751,291	-	-	-	4,751,291
-	-	-	-	304,302
61,270	1,472,435	-	-	6,919,493
-	-	-	-	500,008
3,255,050	16,299,616	-	-	19,554,666
<u>46,614,124</u>	<u>56,610,561</u>	<u>43,343</u>	<u>33,489,994</u>	<u>307,977,574</u>
73,009	1,082,821	-	458,041	7,442,390
-	-	-	-	31,860
-	334,534	-	56,728	445,598
-	-	-	1,495,959	1,495,959
-	-	-	-	50,324,802
-	6,958,147	-	-	6,958,147
-	-	-	-	570,049
-	-	-	-	2,628,000
-	-	-	-	3,952,667
<u>73,009</u>	<u>8,375,502</u>	<u>-</u>	<u>2,010,728</u>	<u>73,849,472</u>
-	4,475,342	-	1,311,068	6,353,340
-	-	-	-	15,961
46,541,115	43,759,717	43,343	31,607,741	154,095,431
-	-	-	-	27,077,619
-	-	-	(1,439,543)	46,585,751
<u>46,541,115</u>	<u>43,759,717</u>	<u>43,343</u>	<u>30,168,198</u>	<u>227,774,762</u>
<u>\$ 46,614,124</u>	<u>\$ 56,610,561</u>	<u>\$ 43,343</u>	<u>\$ 33,489,994</u>	<u>\$ 307,977,574</u>



CITY OF SANTA ANA, CALIFORNIA  
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**Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2016**

Fund balances of governmental funds \$ 227,774,762

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

Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. This amount does not include the capital assets of the internal service funds of \$7,105,985 which are reported below.

Capital assets	1,369,089,687	
Accumulated depreciation	(431,730,604)	
Total capital assets used in governmental activities		937,359,083

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. This amount does not include the long-term liabilities of the internal service funds which are reported below.

Capital lease obligations	(4,255,657)	
Certificates of participation	(60,515,000)	
Lease revenue bonds	(28,362,500)	
Private placement financing	(37,720,000)	
Long-term loans & other payables	(1,999,507)	
Compensated absences payable	(21,119,098)	
Postemployment benefits obligation	(7,623,050)	
Net pension liability	(402,001,001)	
Deferred outflows of resources from pension	28,900,135	
Deferred inflows of resources from pension	(27,341,400)	
Bond discount	779,959	
Unamortized loss on bond defeasance	6,258,218	
Total governmental activities long-term debt		(554,998,901)

Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds. (32,236)

Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental fund. 6,516,096

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. 1,003,212

Net position of governmental activities \$ 617,622,016

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2016**

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
<b>Revenues:</b>				
Taxes	\$ 124,238,920	-	-	-
License and permits	4,729,690	-	-	-
Intergovernmental	50,997,487	22,902,759	30,959,432	6,948,645
Charges for services	10,757,091	32,837	-	-
Fines and forfeits	5,449,856	-	-	-
Investment income	1,414,914	207,231	37,627	327,947
Cost recoveries	13,093,550	8	43,854	681
Rental income	13,774,498	-	-	-
Miscellaneous	105,050	1,497,947	126,832	-
Total revenues	<u>224,561,056</u>	<u>24,640,782</u>	<u>31,167,745</u>	<u>7,277,273</u>
<b>Expenditures:</b>				
Current:				
General government	9,796,907	-	-	-
Human resources	1,181,123	-	-	-
Finance and management services	3,984,334	-	-	-
Museum	1,474,616	-	-	-
Library	3,234,190	368,292	-	-
Recreation and community services	15,556,098	372,747	-	-
Police department	108,859,309	10,098,704	-	-
Fire department	41,482,079	67,097	-	-
Planning and building	8,497,671	844,045	-	-
Public works	5,700,647	11,399	-	2,747,987
Community development	1,382,543	8,681,250	31,276,547	-
Pass-through payments to districts and other agencies	-	73,563	-	-
Capital Outlay	1,718,202	5,864,510	-	-
Debt Service:				
Principal	434,103	-	-	1,380,000
Interest and fiscal charges	200,312	-	-	2,794,681
Total expenditures	<u>203,502,134</u>	<u>26,381,607</u>	<u>31,276,547</u>	<u>6,922,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,058,922</u>	<u>(1,740,825)</u>	<u>(108,802)</u>	<u>354,605</u>
<b>Other financing sources (uses):</b>				
Loss on sale of land held for resale	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(11,030,700)	-	-	(6,038,247)
Total other financing sources (uses)	<u>(11,030,700)</u>	<u>-</u>	<u>-</u>	<u>(6,038,247)</u>
Net change in fund balances	10,028,222	(1,740,825)	(108,802)	(5,683,642)
Fund balances - beginning as restated	<u>66,899,222</u>	<u>11,197,572</u>	<u>3,643,956</u>	<u>23,026,686</u>
Fund balances - ending	<u>\$ 76,927,444</u>	<u>9,456,747</u>	<u>3,535,154</u>	<u>17,343,044</u>

See accompanying Notes to the Basic Financial Statements.

**GOVERNMENTAL FUNDS**

Capital Projects Housing Successor Agency	Capital Projects Street Construction	Debt Service SAFA	Nonmajor Governmental Funds	Total
-	841,932	-	174,348	\$ 125,255,200
-	13,940	-	-	4,743,630
-	14,194,405	-	3,820,430	129,823,158
-	335,489	-	1,631,016	12,756,433
-	-	-	-	5,449,856
172,966	481,927	23,786	325,348	2,991,746
-	107,733	-	3,131,250	16,377,076
-	180,133	-	-	13,954,631
139,870	113,149	-	3,373,504	5,356,352
<u>312,836</u>	<u>16,268,708</u>	<u>23,786</u>	<u>12,455,896</u>	<u>316,708,082</u>
-	-	-	-	9,796,907
-	-	-	149,372	1,330,495
-	-	-	150,000	4,134,334
-	-	-	-	1,474,616
-	-	-	-	3,602,482
-	-	-	2,928,558	18,857,403
-	-	-	1,539,838	120,497,851
-	-	-	-	41,549,176
-	-	-	32,151	9,373,867
-	853,638	-	204,613	9,518,284
1,119,809	-	-	293,280	42,753,429
-	-	-	-	73,563
-	20,070,979	-	2,712,869	30,366,560
-	-	6,427,500	-	8,241,603
-	-	3,347,083	-	6,342,076
<u>1,119,809</u>	<u>20,924,617</u>	<u>9,774,583</u>	<u>8,010,681</u>	<u>307,912,646</u>
<u>(806,973)</u>	<u>(4,655,909)</u>	<u>(9,750,797)</u>	<u>4,445,215</u>	<u>8,795,436</u>
(1,267,028)	-	-	-	(1,267,028)
-	6,028,247	9,779,061	2,019,000	17,826,308
-	-	-	(555,000)	(17,623,947)
<u>(1,267,028)</u>	<u>6,028,247</u>	<u>9,779,061</u>	<u>1,464,000</u>	<u>(1,064,667)</u>
(2,074,001)	1,372,338	28,264	5,909,215	7,730,769
48,615,116	42,387,379	15,079	24,258,983	220,043,993
<u>46,541,115</u>	<u>43,759,717</u>	<u>43,343</u>	<u>30,168,198</u>	<u>\$ 227,774,762</u>

**Reconciliation of the Statement of Revenues, Expenditures  
And Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year ended June 30, 2016**

Net change in fund balances-total governmental funds \$ 7,730,769

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period. This does not include internal service fund activity of \$1,734,812 in additions, \$2,014,815 in deletions, and \$1,529,401 in depreciation expense.

Capital outlay	32,487,301	
Capital contribution	857,147	
Depreciation expense	(22,740,435)	
Loss on disposal of capital assets	<u>(20,782)</u>	10,583,231

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund. (4,586,667)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, the governmental funds report the effect of the premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments made:		
Certificates of participation	1,380,000	
Lease revenue bonds	2,672,500	
Private placement financing	3,755,000	
Long-term loans & other payables	<u>136,555</u>	
Total principal repayments		7,944,055
Amortization of bond discount		(32,498)
Amortization of deferred charges on refunding		(790,512)
Net change in compensated absences		<u>605,138</u>
		7,726,183

Accrued interest for long term liabilities including bonds payable. This is the net change in accrued interest for the current period. (29,053)

The increase in the postemployment benefits obligation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported in governmental funds. 3,197,598

The increase in the net pension liability is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures as expenditures in governmental funds. 13,952,232

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. (4,229,258)

Change in net position of governmental activities \$ 34,345,035

See accompanying Notes to the Basic Financial Statements.



## **Major Enterprise Funds**

Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services. These funds use the full accrual basis of accounting.

Water – For the provision of water services to the residential, commercial and industrial segments of the City.

Parking - For the provision of the parking meter program and the downtown parking structures operations.

Sewer - For the provision of providing cleaning, rehabilitation, and repair of sanitary sewer facilities and removal of sewer main blockages.

Sanitation - For the provision of motorized sweeping of all improved streets in the City, graffiti removal and weed control.

## CITY OF SANTA ANA

**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

	Water	Parking	Sewer
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 37,002,232	7,337,218	5,965,393
Receivables:			
Interest	45,788	13,476	10,809
Accounts, net of allowances	8,065,903	27,097	873,885
Due from other funds	-	-	-
Inventory of supplies	-	-	-
Total current assets	<u>45,113,923</u>	<u>7,377,791</u>	<u>6,850,087</u>
Noncurrent assets:			
Advances to other funds	-	-	-
Restricted cash and investments	5,100,674	-	-
Capital assets:			
Land	603,545	3,591,049	-
Buildings	223,583	-	-
Improvements other than buildings	122,121,502	-	40,816,669
Equipment	14,805,693	668,332	847,163
Parking structures	-	14,748,556	-
Construction in progress	6,010,422	153,125	342,884
Computer software	278,589	-	-
Less accumulated depreciation	(73,870,151)	(8,504,994)	(23,382,293)
Total noncurrent assets	<u>75,273,857</u>	<u>10,656,068</u>	<u>18,624,423</u>
Total assets	<u>120,387,780</u>	<u>18,033,859</u>	<u>25,474,510</u>
<b>Deferred outflows of resources:</b>			
Unamortized loss on bond defeasance	490,410	-	-
Deferred amounts on pension plans	804,045	143,392	335,039
Total deferred outflow of resources	<u>1,294,455</u>	<u>143,392</u>	<u>335,039</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	6,390,039	60,557	107,858
Retention payable	20,816	-	-
Due to other funds	-	-	-
Compensated absences payable	198,281	64,022	75,301
Notes payable	191,393	-	-
Interest payable	239,681	-	-
Grant advances	-	-	-
Deposits payable	1,491,250	-	-
Claims payable	-	-	-
Capital lease payable	-	-	-
Revenue bonds payable	665,000	-	-
Total current liabilities	<u>9,196,460</u>	<u>124,579</u>	<u>183,159</u>
Noncurrent liabilities:			
Compensated absences payable	594,844	192,067	225,904
Notes payable	98,216	-	-
Claims payable	-	-	-
Capital lease payable	-	-	-
Postemployment benefits obligation	405,235	49,223	152,353
Net pension liability	10,181,627	1,815,752	4,242,519
Revenue bonds payable, net of deferred amounts	16,641,602	-	-
Total noncurrent liabilities	<u>27,921,524</u>	<u>2,057,042</u>	<u>4,620,776</u>
Total liabilities	<u>37,117,984</u>	<u>2,181,621</u>	<u>4,803,935</u>
<b>Deferred inflows of resources:</b>			
Deferred amounts on pension plans	652,584	116,377	271,918
<b>Net position:</b>			
Net investment in capital assets	57,368,779	10,656,068	18,624,423
Restricted for:			
National pollution discharge elimination system	-	-	-
Unrestricted	26,542,888	5,223,185	2,109,273
Total net position	<u>\$ 83,911,667</u>	<u>15,879,253</u>	<u>20,733,696</u>

See accompanying Notes to the Basic Financial Statements.

**PROPRIETARY FUNDS**

Sanitation	Nonmajor	Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
			Total	
3,508,464	11,603,293	\$	65,416,600	\$ 66,200,156
6,645	20,020		96,738	117,430
1,203,428	2,188,654		12,358,967	2,219,186
-	-		-	1,635,562
-	-		-	723,377
<u>4,718,537</u>	<u>13,811,967</u>		<u>77,872,305</u>	<u>70,895,711</u>
-	-		-	2,628,000
-	-		5,100,674	266,090
-	3,792,491		7,987,085	-
-	8,607,909		8,831,492	-
-	4,196,564		167,134,735	859,017
19,592	-		16,340,780	21,591,506
-	4,817,296		19,565,852	-
-	79,021		6,585,452	86,000
-	-		278,589	6,244,193
(19,592)	(11,577,635)		(117,354,665)	(21,674,731)
-	9,915,646		114,469,994	10,000,075
<u>4,718,537</u>	<u>23,727,613</u>		<u>192,342,299</u>	<u>80,895,786</u>
-	-		490,410	-
508,927	194,354		1,985,757	3,027,897
<u>508,927</u>	<u>194,354</u>		<u>2,476,167</u>	<u>3,027,897</u>
159,324	408,382		7,126,160	1,852,456
-	1,594		22,410	70,807
-	139,603		139,603	-
99,785	2,497		439,886	581,134
-	-		191,393	-
-	-		239,681	-
-	464,793		464,793	-
-	11,000		1,502,250	-
-	-		-	7,150,000
-	-		-	154,133
-	-		665,000	-
<u>259,109</u>	<u>1,027,869</u>		<u>10,791,176</u>	<u>9,808,530</u>
299,355	7,490		1,319,660	1,743,402
-	-		98,216	-
-	-		-	26,108,215
-	-		-	217,213
271,281	106,112		984,204	1,692,159
6,444,543	2,461,038		25,145,479	40,897,755
-	-		16,641,602	-
<u>7,015,179</u>	<u>2,574,640</u>		<u>44,189,161</u>	<u>70,658,744</u>
<u>7,274,288</u>	<u>3,602,509</u>		<u>54,980,337</u>	<u>80,467,274</u>
413,053	157,743		1,611,675	2,453,197
-	9,914,052		96,563,322	6,734,639
-	2,858,591		2,858,591	-
(2,459,877)	7,389,072		38,804,541	(5,731,427)
<u>(2,459,877)</u>	<u>20,161,715</u>	\$	<u>138,226,454</u>	<u>\$ 1,003,212</u>

**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year ended June 30, 2016**

	Water	Parking	Sewer
Operating revenues:			
Charges for services	\$ 48,026,296	3,966,727	5,125,015
Miscellaneous	262,874	505,652	-
Total operating revenues	<u>48,289,170</u>	<u>4,472,379</u>	<u>5,125,015</u>
Operating expenses:			
Personnel services	3,857,380	1,602,221	1,579,618
Contractual services	12,716,181	2,025,111	1,167,078
Materials and supplies	9,127,157	28,723	636,868
Administrative charges	13,293,313	204,996	728,030
Insurance	-	-	-
Provision for self-insured losses	-	-	-
Depreciation	2,367,997	370,132	573,260
Total operating expenses	<u>41,362,028</u>	<u>4,231,183</u>	<u>4,684,854</u>
Operating income (loss)	<u>6,927,142</u>	<u>241,196</u>	<u>440,161</u>
Nonoperating revenues (expenses):			
Net increase (decrease) in the fair value of investment	339,669	9,955	-
Investment earnings	244,372	79,400	66,230
Interest expense	(585,020)	(65,395)	-
Loss on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>(979)</u>	<u>23,960</u>	<u>66,230</u>
Income (loss) before transfers	<u>6,926,163</u>	<u>265,156</u>	<u>506,391</u>
Transfers in	-	-	-
Transfers out	<u>(1,373,807)</u>	<u>-</u>	<u>(210,342)</u>
Change in net position	<u>5,552,356</u>	<u>265,156</u>	<u>296,049</u>
Net position - beginning	<u>78,359,311</u>	<u>15,614,097</u>	<u>20,437,647</u>
Net position - ending	<u>\$ 83,911,667</u>	<u>15,879,253</u>	<u>20,733,696</u>

See accompanying Notes to the Basic Financial Statements.

**PROPRIETARY FUNDS**

Sanitation	Nonmajor	Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
			Total	
7,953,569	19,183,716	\$	84,255,323	\$ 61,092,641
19,384	4,231		792,141	595,170
<u>7,972,953</u>	<u>19,187,947</u>		<u>85,047,464</u>	<u>61,687,811</u>
1,863,639	801,392		9,704,250	12,332,458
2,651,632	10,958,984		29,518,986	7,571,611
125,359	8,316		9,926,423	2,875,265
2,033,228	8,274,932		24,534,499	14,130,201
-	-		-	20,126,388
-	-		-	7,907,615
816	457,613		3,769,818	1,529,401
<u>6,674,674</u>	<u>20,501,237</u>		<u>77,453,976</u>	<u>66,472,939</u>
<u>1,298,279</u>	<u>(1,313,290)</u>		<u>7,593,488</u>	<u>(4,785,128)</u>
-	-		349,624	-
36,828	118,658		545,488	1,061,239
-	-		(650,415)	(13,527)
-	(84,834)		(84,834)	(457,000)
<u>36,828</u>	<u>33,824</u>		<u>159,863</u>	<u>590,712</u>
<u>1,335,107</u>	<u>(1,279,466)</u>		<u>7,753,351</u>	<u>(4,194,416)</u>
-	2,387,657		2,387,657	177,519
-	(971,027)		(2,555,176)	(212,361)
<u>1,335,107</u>	<u>137,164</u>		<u>7,585,832</u>	<u>(4,229,258)</u>
<u>(3,794,984)</u>	<u>20,024,551</u>		<u>130,640,622</u>	<u>5,232,470</u>
<u>(2,459,877)</u>	<u>20,161,715</u>	\$	<u>138,226,454</u>	<u>\$ 1,003,212</u>

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2016**

	Water	Parking
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 47,056,952	3,970,111
Receipts from interfund services provided	-	-
Receipts from other operating sources	262,874	505,652
Payments to suppliers for goods and services	(35,150,140)	(2,266,083)
Payments from interfund services used	-	-
Payments to employees	(4,673,390)	(1,587,427)
	<u>7,496,296</u>	<u>622,253</u>
Net cash provided (used) by operating activities		
<b>Cash flows from noncapital financing activities:</b>		
Intergovernment contribution	-	-
Transfer in	-	-
Transfer out	(1,373,807)	-
Repayment of advances from other funds	-	-
	<u>(1,373,807)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities		
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(4,606,566)	(132,055)
Proceeds from sale of capital assets	-	-
Retirement of long-term liabilities	(789,867)	(555,000)
Interest paid	(677,561)	(22,205)
Payments on capital leases	-	-
	<u>(6,073,994)</u>	<u>(709,260)</u>
Net cash provided (used) by capital and related financing activities		
<b>Cash flows from investing activities:</b>		
Interest received	236,194	87,390
Net increase in the fair value of investment	339,669	-
	<u>575,863</u>	<u>87,390</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	624,358	383
Cash and cash equivalents - beginning	41,478,548	7,336,835
Cash and cash equivalents - ending (Includes restricted assets)	<u>\$ 42,102,906</u>	<u>7,337,218</u>

See accompanying Notes to the Basic Financial Statements.

			Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Sewer	Sanitation	Nonmajor	Totals		
4,960,965	7,898,101	19,125,282	\$	83,011,411	\$ -
-	-	-		-	61,081,311
-	19,384	4,231		792,141	595,170
(2,585,539)	(4,977,941)	(19,106,104)		(64,085,807)	(43,030,757)
-	-	-		-	(2,295,402)
<u>(1,827,276)</u>	<u>(2,428,252)</u>	<u>(1,046,392)</u>		<u>(11,562,737)</u>	<u>(22,936,632)</u>
548,150	511,292	(1,022,983)		8,155,008	(6,586,310)
-	-	182,744		182,744	-
410,500	-	2,387,657		2,798,157	177,519
(620,842)	-	(971,027)		(2,965,676)	(212,361)
-	-	-		-	292,000
<u>(210,342)</u>	<u>-</u>	<u>1,599,374</u>		<u>15,225</u>	<u>257,158</u>
(863,289)	-	(72,531)		(5,674,441)	(1,647,587)
-	-	-		-	96,573
-	-	-		(1,344,867)	-
-	-	-		(699,766)	(13,527)
-	-	-		-	(98,770)
<u>(863,289)</u>	<u>-</u>	<u>(72,531)</u>		<u>(7,719,074)</u>	<u>(1,663,311)</u>
65,614	34,838	114,953		538,989	700,740
-	-	-		339,669	353,865
<u>65,614</u>	<u>34,838</u>	<u>114,953</u>		<u>878,658</u>	<u>1,054,605</u>
(459,867)	546,130	618,813		1,329,817	(6,937,858)
<u>6,425,260</u>	<u>2,962,334</u>	<u>10,984,480</u>		<u>69,187,457</u>	<u>73,404,104</u>
<u>5,965,393</u>	<u>3,508,464</u>	<u>11,603,293</u>	\$	<u>70,517,274</u>	\$ <u>66,466,246</u>

Continued

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2016**

	Water	Parking
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 6,927,142	241,196
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	2,367,997	370,132
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(1,010,669)	3,384
Decrease (increase) in inventory of supplies	-	-
Decrease (increase) in deferred outflows from pension	(115,015)	(20,512)
Increase (decrease) in accounts payable	(12,482)	(7,253)
Increase (decrease) in compensated absences payable	(117,470)	119,483
Increase (decrease) in deposits payable	41,325	-
Increase (decrease) in retention payable	(1,007)	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in postemployment benefits obligation	(313,393)	(36,005)
Increase (decrease) in net pension liability	939,998	167,638
Increase (decrease) in deferred inflows from pension	(1,210,130)	(215,810)
Net cash provided (used) by operating activities	<u>\$ 7,496,296</u>	<u>622,253</u>
<b>Noncash investing, capital, and financing activities:</b>		
Capital assets financed through capital leases	-	-
Increase in fair value of investments	<u>\$ 339,669</u>	<u>-</u>

See accompanying Notes to the Basic Financial Statements.



Sewer	Sanitation	Nonmajor	Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
			Total		
440,161	1,298,279	(1,313,290)	\$	7,593,488	\$ (4,785,128)
573,260	816	457,613		3,769,818	1,529,401
(164,050)	(55,468)	(58,434)		(1,285,237)	(2,809,908)
-	-	-		-	35,783
(47,925)	(72,799)	(27,800)		(284,051)	(434,645)
(53,563)	(167,722)	136,128		(104,892)	(489,231)
57,702	(8,962)	(73,599)		(22,846)	267,615
-	-	-		41,325	-
-	-	-		(1,007)	70,807
-	-	-		-	1,495,395
(144,876)	(311,870)	(78,307)		(884,451)	(991,870)
391,681	594,979	227,210		2,321,506	4,074,645
(504,240)	(765,961)	(292,504)		(2,988,645)	(4,549,174)
<u>548,150</u>	<u>511,292</u>	<u>(1,022,983)</u>	\$	<u>8,155,008</u>	\$ <u>(6,586,310)</u>
-	-	-		-	470,116
<u>-</u>	<u>-</u>	<u>-</u>	\$	<u>339,669</u>	\$ <u>353,865</u>

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	Public Agencies Post-Employment Benefits Trust Fund	Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
<b>Assets</b>			
Current assets:			
Cash and investments	\$ -	\$ 27,938,271	\$ 20,351,203
Cash and investments with fiscal agents	500,008	6,679,653	-
Receivables, net of allowances:			
Accounts	-	17,344	-
Loans and notes	-	-	234,333
Interest	-	45,419	15,559
Land held for redevelopment	-	278,200	-
	<u>500,008</u>	<u>34,958,887</u>	<u>20,601,095</u>
Total assets	\$ <u>500,008</u>	\$ <u>34,958,887</u>	\$ <u>20,601,095</u>
<b>Deferred outflows of resources:</b>			
Unamortized loss on bond defeasance	\$ -	\$ 590,275	\$ -
Deferred amounts on pension plans	-	49,439	-
	<u>-</u>	<u>639,714</u>	<u>-</u>
Total deferred outflows of resources	\$ <u>-</u>	\$ <u>639,714</u>	\$ <u>-</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 562,144	\$ 31,609
Interest payable	-	1,963,807	-
Notes payable	-	-	234,333
Due to City employees	-	-	3,952,074
Due to governmental agencies	-	4,989,859	16,383,079
Advance from the City	-	4,751,291	-
Long-term liabilities:			
Due within one year	-	4,973,002	-
Due in more than one year	-	89,286,595	-
Post employment benefits obligation	-	320,719	-
Net pension liability	-	626,027	-
	<u>-</u>	<u>107,473,444</u>	<u>20,601,095</u>
Total liabilities	\$ <u>-</u>	\$ <u>107,473,444</u>	\$ <u>20,601,095</u>
<b>Deferred inflows of resources:</b>			
Deferred amounts on pension plans	-	40,125	-
	<u>-</u>	<u>40,125</u>	<u>-</u>
<b>Net position (deficit)</b>			
Held in trust for other purposes	\$ <u>500,008</u>	\$ <u>(71,914,968)</u>	\$ <u>-</u>

See accompanying Notes to the Basic Financial Statements.

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year ended June 30, 2016**

	Public Agencies Post-Employment Benefits Trust Fund	Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund
<b>Additions:</b>		
Contributions:		
Employer	\$ 500,000	\$ -
Property taxes	-	14,235,361
Investment earnings	8	210,851
Other	-	215,324
	500,008	14,661,536
Total additions	500,008	14,661,536
<b>Deductions:</b>		
Program expenses	-	2,155,612
Administrative expenses	-	318,535
Interest and fiscal agency expenses	-	5,651,722
	-	8,125,869
Total deductions	-	8,125,869
Change in net position	500,008	6,535,667
Net position (deficit) - beginning	-	(78,450,635)
Net position (deficit) - ending	\$ 500,008	\$ (71,914,968)



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

# **Notes to the Basic Financial Statements**





**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2016**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Santa Ana (the “City”) was incorporated on June 1, 1886, and operates under a Council/Manager form of government. The Council is composed of an elected Mayor and six Council members. As required by generally accepted accounting principles, these financial statements present the government and its component units for which the government is considered financially accountable. Blended component units, although legally separate entities, are in substance, part of the government’s operations for which there is a benefit/burden relationship and the financial data from these units are combined with the data of the primary government. Each blended component unit as described below has a June 30 year-end. The City has no discretely presented component units.

**Blended Component Units**

Housing Authority of the City of Santa Ana

The Housing Authority (the “Authority”) was established in 1972 pursuant to Housing Authority Laws of California to provide rental assistance programs to low-income families and senior citizens, and to operate a Housing Rehabilitation Loan Program. The Authority is governed by a commission of seven members comprised of the City Council, which designates management and has full accountability for the Authority’s fiscal affairs. The Authority’s financial data and transactions are included within the Special Revenue Housing Authority Fund. As indicated above, on January 9, 2012, the City adopted a resolution designating the Housing Authority of the City to serve as the Housing Successor Agency. The Housing Successor Agency’s financial data and transactions are included within the Capital Projects Housing Successor Agency fund. There is no separate Component Unit Financial Report (CUFR) prepared for the Authority.

Santa Ana Financing Authority

The Santa Ana Financing Authority (SAFA) was organized in August 1993, for the primary purpose of assisting in the financing and refinancing of certain redevelopment activities of the Community Redevelopment Agency (RDA) and certain public programs and projects of the City. The City is legally obligated to provide resources in case there are deficiencies in debt service payment and resources are not available from any other remedies. The Financing Authority is administered by a board whose members shall be, at all times, the Mayor of the City and the members of the City Council. The SAFA’s board has full accountability for the Financing Authority’s fiscal affairs. The SAFA’s financial data and transactions are included within the Debt Service Funds and the Water Enterprise Fund. There is no separate Component Unit Financial Report (CUFR) prepared for SAFA.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its blended component units. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments in lieu of taxes where the amount are reasonably equivalent in value to the interfund services provided and other charges between the government’s water functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**B. Government-wide and Fund Financial Statements (Continued)**

*Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentations**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency funds, however, are unlike all other types of funds, reporting only assets and liabilities. Therefore the agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, utility user's taxes, hotel visitors' taxes, interest and business taxes are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.



**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentations (Continued)**

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 as revenue when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible to accrual criteria have been met. Grant funds received before the revenue recognition criteria have been met are reported as unearned revenue.

The City reports the following major governmental funds:

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

Special Revenue Grants Fund. This fund accounts for revenue sources awarded to the City by the Federal, State and local governments not otherwise accounted for in the General Fund or capital projects funds.

Special Revenue Housing Authority Fund. This fund accounts for the receipt and disbursement of funds received from the U.S. Department of Housing and Urban Development to provide rental assistance under Section 8 of the Federal Housing Act as amended.

Special Revenue Gas Tax Fund. This fund is used to account for the receipts and expenditures of money apportioned under Streets and Highway Code Sections 2105, 2106 and 2107 of the State of California.

Capital Projects Housing Successor Agency. This fund accounts for the receipts and expenditures relating to the Housing Successor Agency in accordance with the California Health and Safety Code.

Capital Projects Street Construction Fund. This fund is used to account for the receipts and disbursements of funds for right-of-way acquisition, construction and improvements related to the City's street system. These projects are funded by gas taxes, Measure M, Intermodal Surface Transportation Efficiency Act and improvement fees.

Santa Ana (SAFA) Financing Authority Debt Service Fund. This fund accounts for the receipt of revenues and payment of debt service related to the Police Administration and Holding Facility Lease Revenue Bonds.

The City reports the following major proprietary funds:

Water Enterprise Fund. This fund is used to account for the provision of water services to the residential, commercial and industrial segments of the City.

Parking Enterprise Fund. This fund is used to account for the provision of the parking meter program and the downtown parking structures operation of the City.

Sewer Fund. This fund is used to account for the provision of the cost of cleaning, rehabilitating, repairing of sanitary sewer facilities and removing of sewer main blockages.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentations (Continued)**

Sanitation Fund. This fund is used to account for the provision of motorized sweeping of all improved streets in the City, graffiti removal, and weed control.

Additionally, the City reports the following fund types:

Internal Service Funds. These funds account for fleet services, facilities management, equipment maintenance and replacement, stores and property control, the administration of the self-insurance programs, installation and maintenance of all data networking and financial management systems, engineering, designing, project management and construction services, and training and support services provided to other departments or agencies of the City, on a cost reimbursement basis.

Agency Funds. These funds are used to account for money and property held by the City as trustee or custodian. Among the activities are the disposition of funds charged to departments for the payment of salaries and retirement benefits to City employees, deposits made for the account of other governmental agencies, developers, tax increment pass-through and others under the terms of agreements for which the deposits were made.

Public Agencies Post-Employment Benefits Trust Fund. This fund accounts for the activities of the trust fund established for the purpose of pre-funding pension obligations.

Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. This fund accounts for the receipt of property tax revenues pursuant to the Dissolution Act and the value of assets transferred from the former RDA. The fund accounts for the expenses incurred during the reporting year pursuant to the Recognized Obligation Payment Schedules (ROPS) approved by the State Department of Finance under the Dissolution Act (AB 26 –Section 34177).

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances**

Cash and Investments. For purposes of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling the cash and investments of all funds except the Public Agencies Post-Employment Benefits Trust Fund. As amounts are available to these funds on demand without prior notice or penalty, all cash and investments are considered to be cash and cash equivalents for statement of cash flows purposes.

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during the fiscal year are recognized as revenue from investment income (governmental funds) and net change in the fair value of investment (proprietary funds). These revenues include interest earnings, changes in fair value, rentals, leases and any gains or losses realized upon liquidation, maturity, or sale of investments.

Cash and investments are pooled to maximize investment yields. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large outlays required in excess of normal operating needs. The net change in fair value and interest earned on the investments is allocated monthly to the respective funds based on each fund's daily average cash and investments balance.

Cash and Investments with Fiscal Agents. This account includes unexpended bond and loan proceeds, amounts set aside for payment of debt service, and state condemnation funds held with the State.

Cash and Investments with Public Agencies Post-Employment Benefits Trust Fund. This account includes the City's contribution to the pension trust administered by the Public Agency Retirement Services (PARS).

Interagency Receivables, Payables, Transfers and Advances. During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amount as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that the net amount is included as transfers in the business-type activities column.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances  
(Continued)**

Property Taxes. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in September and are payable in two installments due on November 1, and February 1, and are considered delinquent after December 10 and April 10, respectively. The County of Orange, California 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 on the government-wide statements, and to the extent that they result in current receivables within 60 days in the governmental funds financial statements.

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. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

Inventories and prepaid items. Inventories of materials and supplies are valued at average cost. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future accounting period and recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Land Held for Resale. The properties held for resale are for the primary purpose of developing low and moderate income housing and completing street improvement projects and is carried at the lower of cost or estimated net realizable value, as determined upon the execution of a disposition and development agreement.

Restricted Assets. Certain proceeds of the City's long-term debt proceeds are classified as restricted assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Capital Assets. Capital assets, which include property, plant, equipment, library materials, intangible items, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of two years or more. Bulk purchases of library materials with unit costs of less than \$5,000 are capitalized as a group. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City included \$53,668 of interest expense as part of the cost of capital assets under construction.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)**

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Life</u>
Buildings and building improvements	30-50
Improvements other than buildings	20-50
Computers and computer related items	3-5
Equipment and vehicles	3-15
Infrastructure	20-75
Library materials	6
Computer software	5-20

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refunding reported in the government-wide statement of net position and proprietary statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions subsequent to measurement date and net differences between projected and actual earnings on pension plan investments related to the net pension liability in the government-wide statement of net position and proprietary statement of net position are reported as deferred outflows of resources until the next measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue/contra expense) until that time. The City has the following items that qualify for reporting in this category:

- Unavailable revenues reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues that are not collected during the “availability period”. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Major sources of unavailable revenues are intergovernmental revenues for grants and cost recoveries.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances  
(Continued)**

- Differences between expected and actual experience, changes of assumptions, and net differences between projected and actual earnings on pension plan investments related to the net pension liability in the government-wide statement of net position and proprietary statement of net position. These amounts are deferred and amortized as a component of pension expense in future periods. The amortization periods were 2.3 years for miscellaneous and 2.1 years for safety for differences between expected and actual experience and changes of assumptions, and 5 years for net differences between projected and actual earnings on pension plan investments as of June 30, 2016.

Arbitrage Liability. Any liability for arbitrated interest is recorded in the fund incurring the liability and interest income is reduced by the amount of liability incurred during the year. The City had no arbitrage liability as of June 30, 2016.

Compensated Absences. It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Depending on the bargaining group and years of service, a liability for unpaid accumulated sick leave is accrued for employees who have attained ten (10) years or more of continuous service, up to two-thirds (2/3) of the total accumulated sick leave benefit credited to the employee, to a maximum of 1,066 hours for each employee. All vacation, compensated time, and vested sick leave pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example as a result of employee resignations and retirements.

Long-term Obligations. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary funds, and the private-purpose trust fund. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized in the period the debt is issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions. For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)**

Fund Balances. Governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2016, fund balances for government funds are made up of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. The City Council adopts a motion to this effect by the affirmative votes of at least two-thirds (2/3) of the members of the city council to commit fund balance by an ordinance prior to the end of the fiscal year. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council has by resolution authorized the City Manager to assign fund balance. The Council may also assign fund balance through the annual adopted budget and as amended per the approved budget policy. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned Fund Balance* – is the residual classification for the General Fund including all amounts not contained in the other classifications and the residual negative fund balance of governmental funds other than the General Fund. Unassigned amounts are technically available for any purpose.

In circumstances when expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, it is the City’s policies that fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**E. New Accounting Pronouncements**

**Current Year Standards**

In fiscal year 2015-2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "*Fair Value Measurement and Application*". GASB Statement No. 72 requires the City to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the City's financial statements as a result of the implementation of GASB Statement No. 72.

GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", was required to be implemented in the current fiscal year, except for those provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, and is effective for periods beginning after June 15, 2016, and did not impact the City.

GASB Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", was required to be implemented in the current fiscal year, and did not impact the City.

GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*", was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the City.

GASB Statement No. 82, "*Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73*", changed the measurement of covered payroll reported in required supplementary information and has been early implemented.

**Pending Accounting Standards**

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:



**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**E. New Accounting Pronouncements (Continued)**

- GASB 73 - “*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*”, contains provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016.
- GASB 74 - “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, effective for periods beginning after June 15, 2016.
- GASB 75 - “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”, effective for periods beginning after June 15, 2017.
- GASB 77 - “*Tax Abatement Disclosure*”, effective for periods beginning after December 15, 2015.
- GASB 78 - “*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*”, effective for periods beginning after December 15, 2015.
- GASB 79 - “*Certain External Investment Pools and Pool Participants*”, contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015.
- GASB 80 - “*Blending Requirements for Certain Component Units*”, effective for periods beginning after June 15, 2016.
- GASB 81 - “*Irrevocable Split-Interest Agreements*”, effective for periods beginning after December 15, 2016.
- GASB 82 - “*Pension Issues*”, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

**NOTE 2. FUND DEFICITS**

At June 30, 2016, the deficits of \$0.6 million in the Non-major Civic Center Maintenance Special Revenue Fund and \$0.9 million in the Non-major Capital Grants Capital Projects Fund are primarily due to the timing of receipt which did not meet the revenue recognition criteria for governmental funds. Subsequent collection of the receivables will reduce the deficits.

The deficits of \$2.5 million in the Major Enterprise Sanitation Fund, \$1.3 million in the Internal Service Building Maintenance Fund, and \$14.7 million in the Internal Service Engineering and Administrative Services Fund are primarily due to the implementation of GASB Statement No. 68. In order to address pension obligations and future benefit contributions, the City has established the Public Agencies Post-Employment Benefits Trust Fund.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

Cash and investments as of June 30, 2016 were classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 296,422,695
Restricted assets:	
Cash and investments	5,671,066
Cash and investments with fiscal agents	6,919,493
Statement of fiduciary net position:	
Cash and investments	48,289,474
Cash and investments with fiscal agents	7,179,661
Total cash and investments	\$ <u>364,482,389</u>

Cash and investments as of June 30, 2016 consisted of the following:

Cash on hand	\$ 564,573
Deposits with financial institutions	38,557,001
Investments	<u>325,360,815</u>
Total cash and investments	\$ <u>364,482,389</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The investment types that are restricted by the City's investment policy are Reverse Repurchase Agreements, County Pooled Investment Funds, and JPA Pools. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**A. Cash and Investments (Continued)**

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
Federal Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	90 days	20%	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	3 years	15%	5%
Mutual Funds investing in eligible securities	Yes	None	20%	10%
Money Market Mutual Funds	Yes	None	20%	10%
Local Agency Investment Fund (LAIF)	Yes	None	None	None

\* Based on state law requirements or investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Notes	None
Federal Agency Securities	None
Banker's Acceptances	180-365 Days
Certificates of Deposit	None
Commercial Paper	270 days
Municipal Obligations	None
Corporate bonds and notes	3 years
Money Market Mutual Funds	None
State of California Investment Pool	None
Savings Accounts	None
Money Market Deposit Accounts	None
Deposit Accounts	None
Investment Contracts	30 years
Repurchase Agreements	30 days

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**A. Cash and Investments (Continued)**

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value change in market interest rates. In accordance with the City's investment policy that was established by a resolution on June 16, 2015, interest rate risk may be mitigated by structuring the fund so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. The cash flow is updated on a daily basis and will be considered prior to the investment of securities, which will reduce the necessity to sell investments for liquidity purposes.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided in the following table reflecting the distribution of the City's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be maturing at the next call date:

Investment Type	Total	Remaining Maturity (in months)		
		12 Months or Less	13 to 24 Months	25-60 Months
Federal Agency Securities	\$ 232,035,514	\$ 18,917,003	\$ 62,695,415	\$ 150,423,096
Negotiable Certificates of Deposit	13,226,869	6,189,041	2,952,986	4,084,842
Local Agency Investment Fund	64,712,064	64,712,064	-	-
Held by Fiscal Agent:				
Money Market Funds	8,706,720	8,706,720	-	-
Federal Agency Securities	6,679,648	6,679,648	-	-
	<u>\$ 325,360,815</u>	<u>\$ 105,204,476</u>	<u>\$ 65,648,401</u>	<u>\$ 154,507,938</u>

The City's investments (including investments held by bond trustees) include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Callable agency securities with interest rates that increase in ranges from 2 percent to 7 percent	\$ 56,170,892

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**A. Cash and Investments (Continued)**

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Rating as of Year End	
			Aaa	Not Rated
Federal Agency Securities	\$ 232,035,514	N/A	\$ 232,035,514	\$ -
Negotiable Certificates of Deposit	13,226,869	N/A	-	13,226,869
Local Agency Investment Fund	64,712,064	N/A	-	64,712,064
Held by Fiscal Agent:				
Money Market Funds	8,706,720	A	8,706,720	-
Federal Agency Securities	6,679,648	N/A	6,679,648	-
	<u>\$ 325,360,815</u>		<u>\$ 247,421,882</u>	<u>\$ 77,938,933</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal agency securities	\$ 64,341,471
Federal Home Loan Bank	Federal agency securities	64,450,655
Federal Home Loan Mortgage Corp.	Federal agency securities	48,116,525
Federal National Mortgage Association	Federal agency securities	55,126,863

Investments in any one issuer that represent 5% or more of total investments by reporting unit (governmental activities, major fund, nonmajor fund in the aggregate, etc.) are \$4.2 million and \$6.7 million that were held by the bonds trustee of cash and investments pool. The amount of \$4.2 million reported in the Special Revenue Gas Tax Fund (a major fund of the City) is held in the form of Money Market fund and \$6.7 million reported in the Successor Agency to the Santa Ana Redevelopment Private-Purpose Trust fund is held in the form of Federated Treasury Obligation fund.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**A. Cash and Investments (Continued)**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2016, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF.

Investments in Public Agencies Post-Employment Benefits Trust Fund

The Plan assets are subject to the investment selections stipulated in the Plan document rather than the general provisions of the California Government Code or the City's investment policy. The City has authorized investments in the United States Treasury funds only. Cash and investments of the Plan are included in the basic financial statements as of June 30, 2016.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**A. Cash and Investments (Continued)**

Fair Value Measurements

GASB Statement No. 72, “*Fair Value Measurement and Application*”, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City’s own data.

The asset’s level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the City’s management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management’s perceived risk of that investment.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**A. Cash and Investments (Continued)**

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by City's asset manager from third party service provider.

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2016.

For a large portion of the City's portfolio, the City's custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

The City has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal Agency Securities	\$ -	\$ 232,035,514	\$ -	\$ 232,035,514
Negotiable Certificates of Deposit Held by Fiscal Agent:	-	13,226,869	-	13,226,869
Federal Agency Securities	-	6,679,648	-	6,679,648
Total Leveled Investments	\$ -	\$ 251,942,031	\$ -	251,942,031
Local Agency Investment Fund *				64,712,064
Money Market Funds *				8,706,720
				\$ <u>325,360,815</u>

\* Not subject to fair value measurements.



**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**B. Capital Assets**

A summary of changes in the Governmental Activities capital assets at June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,254,959	\$ 1,033,832	\$ -	\$ 14,288,791
Right of Way	455,009,514	40,561,589	-	495,571,103
Street Trees	7,705,214	306,144	-	8,011,358
Construction in progress	<u>130,289,464</u>	<u>31,703,677</u>	<u>(95,384,036)</u>	<u>66,609,105</u>
Total capital assets, not being depreciated	<u>606,259,151</u>	<u>73,605,242</u>	<u>(95,384,036)</u>	<u>584,480,357</u>
Capital assets being depreciated:				
Buildings	198,606,231	-	-	198,606,231
Improvements	80,360,526	11,611,960	-	91,972,486
Equipment	45,185,818	3,003,928	(2,175,857)	46,013,889
Infrastructure	424,199,838	41,968,043	(2,957,496)	463,210,385
Library materials	7,247,211	246,774	(151,124)	7,342,861
Computer software	<u>6,244,193</u>	<u>-</u>	<u>-</u>	<u>6,244,193</u>
Total capital assets being depreciated	<u>761,843,817</u>	<u>56,830,705</u>	<u>(5,284,477)</u>	<u>813,390,045</u>
Less: Accumulated depreciation for:				
Buildings	(130,022,386)	(5,869,049)	-	(135,891,435)
Improvements	(47,606,432)	(3,002,168)	-	(50,608,600)
Equipment	(37,627,167)	(1,771,597)	2,032,523	(37,366,241)
Infrastructure	(210,755,075)	(12,740,147)	2,936,756	(220,558,466)
Library materials	(6,267,472)	(262,456)	151,082	(6,378,846)
Computer software	<u>(1,977,327)</u>	<u>(624,419)</u>	<u>-</u>	<u>(2,601,746)</u>
Total Accumulated depreciation	<u>(434,255,859)</u>	<u>(24,269,836)</u>	<u>5,120,361</u>	<u>(453,405,334)</u>
Capital assets being depreciated, net	<u>327,587,958</u>	<u>32,560,869</u>	<u>(164,116)</u>	<u>359,984,711</u>
Governmental activities capital assets, net	<u>\$ 933,847,109</u>	<u>\$ 106,166,111</u>	<u>\$ (95,548,152)</u>	<u>\$ 944,465,068</u>

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**B. Capital Assets (Continued)**

A summary of changes in the Business-type Activities capital assets at June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,987,085	\$ -	\$ -	\$ 7,987,085
Construction in progress	<u>7,262,067</u>	<u>4,995,700</u>	<u>(5,672,315)</u>	<u>6,585,452</u>
Total capital assets not being depreciated	<u>15,249,152</u>	<u>4,995,700</u>	<u>(5,672,315)</u>	<u>14,572,537</u>
Capital assets being depreciated:				
Buildings	8,831,492	-	-	8,831,492
Improvement other than buildings	161,896,534	5,239,991	(1,790)	167,134,735
Equipment	15,326,892	1,026,231	(12,343)	16,340,780
Parking structures	19,565,852	-	-	19,565,852
Computer software	<u>278,589</u>	<u>-</u>	<u>-</u>	<u>278,589</u>
Total capital assets being depreciated	<u>205,899,359</u>	<u>6,266,222</u>	<u>(14,133)</u>	<u>212,151,448</u>
Less: Accumulated depreciation for:				
Buildings	(6,708,995)	(218,481)	-	(6,927,476)
Improvement other than buildings	(86,979,382)	(2,745,298)	1,790	(89,722,890)
Equipment	(10,220,453)	(376,706)	12,343	(10,584,816)
Parking structures	(9,620,504)	(415,404)	-	(10,035,908)
Computer software	<u>(69,646)</u>	<u>(13,929)</u>	<u>-</u>	<u>(83,575)</u>
Total Accumulated depreciation	<u>(113,598,980)</u>	<u>(3,769,818)</u>	<u>14,133</u>	<u>(117,354,665)</u>
Capital assets being depreciated, net	<u>92,300,379</u>	<u>2,496,404</u>	<u>-</u>	<u>94,796,783</u>
Business-type activities capital assets, net	<u>\$ 107,549,532</u>	<u>\$ 7,492,104</u>	<u>\$ (5,672,315)</u>	<u>\$ 109,369,320</u>

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**B. Capital Assets (Continued)**

		<u>June 30, 2016</u>
Governmental activities:		
General government	\$	1,352,657
Finance and management services		26,513
Museum		432,574
Library		319,459
Recreation and community services		2,345,870
Police		4,110,234
Fire		428,953
Planning and building		6,809
Public works		13,392,309
Community development		325,057
Internal service funds		<u>1,529,401</u>
Total depreciation expense-governmental activities	\$	<u>24,269,836</u>
Business-type activities:		
Water	\$	2,367,997
Parking		370,132
Sewer		573,260
Sanitation		816
Transportation Center		430,262
Federal Clean Water Protection		<u>27,351</u>
Total depreciation expense - business-type activities	\$	<u>3,769,818</u>

Construction Commitments

The City has active construction projects as of June 30, 2016. The projects include street widening and improvements, various park improvements, improvements to the water system, sewer improvements and storm drain improvements:

<u>Projects:</u>	<u>Spent-to date</u>	<u>Remaining Commitment</u>	<u>Total Project Budget</u>
Street widening and improvements	\$ 159,925,916	\$ 92,179,886	\$ 252,105,802
Park improvements	6,679,498	17,913,825	24,593,323
Water system improvements	5,073,632	10,782,952	15,856,584
Sewer improvements	2,860,411	7,311,580	10,171,991
Other improvements	5,827,914	15,315,417	21,143,331

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**C. Interfund Receivables, Payables, Transfers and Advances**

The composition of interfund balances as of and for the year ended June 30, 2016 is as follows:

Due To/From Other Funds:

<u>Due To Other Funds (Payable)</u>	<u>Due From Other Funds (Receivable)</u>	
	Internal Service Funds	Total
Non-major Special Revenue Funds:		
Civic Center Maintenance Fund	\$ 401,657	\$ 401,657
Non-major Capital Projects Funds:		
Capital Grants Fund	1,094,302	1,094,302
Non-major Enterprise Funds:		
Transportation Center Fund	139,603	139,603
Total	\$ 1,635,562	\$ 1,635,562

The Non-major Special Revenue Civic Center Maintenance Fund received a temporary advance from the Self Insurance Internal Service Fund to cover a cash shortfall. Subsequent collection of receivables will repay the advance.

The Non-major Capital Projects Capital Grants Funds received a temporary advance from the Self Insurance Internal Service Fund to cover a cash shortfall. Subsequent collection of receivables from the granting agencies will repay the advance.

The Non-major Enterprise Transportation Center Fund received a temporary advance from the Self Insurance Internal Service Fund, to cover a cash shortfall. The advance is expected to be repaid with future reductions in expenditures along with corresponding increase in revenues.

Interfund Transfers:

<u>Transfers Out</u>	<u>Transfers In</u>						<u>Total</u>
	Street Construction Capital Projects Fund	SAFA Debt Service Fund	Non-Major Special Revenue Fund	Non-Major Capital Projects Fund	Non-Major Enterprise Funds	Internal Service Funds	
General Fund	\$ -	9,566,700	1,464,000	-	-	-	\$ 11,030,700
Special Revenue Gas Tax Fund	6,028,247	-	-	-	-	10,000	6,038,247
Non-Major Capital Projects Fund	-	-	-	555,000	-	-	555,000
Water Enterprise Fund	-	-	-	-	1,206,288	167,519	1,373,807
Sewer Enterprise Fund	-	-	-	-	210,342	-	210,342
Non-Major Enterprise Funds	-	-	-	-	971,027	-	971,027
Internal Service Funds	-	212,361	-	-	-	-	212,361
Total	\$ 6,028,247	9,779,061	1,464,000	555,000	2,387,657	177,519	\$ 20,391,484

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**C. Interfund Receivables, Payables, Transfers and Advances (Continued)**

The Street Construction Capital Projects Fund received \$6,028,247 from Special Revenue Gas Tax Fund to reimburse the Street Construction Fund for eligible street related construction and maintenance costs.

The Debt Service Santa Ana Financing Authority Fund received transfers of \$9,779,061 for debt service payments of the 1994 Series Police Lease Revenue bonds and the 2014 Private Placement Financing. The transfers consisted of \$9,566,700 from the General Fund and \$212,361 from the Engineering and Administrative Internal Service Fund.

The Civic Center Maintenance Non-Major Special Revenue Fund received transfers of \$1,464,000 from the General Fund to pay for the City's annual share of Civic Center maintenance obligations payable to the County of Orange.

The Federal Clean Water Protection Non-Major Enterprise Fund received \$1,206,288 from Water Major Enterprise Fund, \$210,342 from Sewer-Major Enterprise Fund, and \$971,027 from Refuse Collection Non-Major Enterprise Fund for surcharges that fund the various activities of the storm water management program.

The Inclusionary Housing Fee Non-Major Capital Projects Fund received \$555,000 of inclusionary housing fees collected for the City Place development project from the Park Acquisition Non-Major Capital Projects Fund.

The Engineering and Administrative Services Internal Service Fund received \$10,000 from the Special Revenue Gas Tax Fund for engineering costs allocated from the State.

The transfers of \$167,519 between the Equipment Maintenance and Replacement Internal Service Fund and the Water Major Enterprise Fund represent the Water Major Enterprise Fund's contributions towards acquisition of capital assets.

Advances To/From Other Funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Internal Service Funds	General Fund	\$ 2,628,000
Capital Projects Housing Successor Agency	Santa Ana Redevelopment Agency Private-Purpose Trust Fund	4,751,291
		<u>\$ 7,379,291</u>

The \$2,628,000 represents the outstanding balance of \$2,920,000 advance made by the Self Insurance Fund to the General Fund for the construction of Fire Station #1. The annual repayment of \$292,000 will be made through July, 2024.

The advances made from the Capital Project Housing Successor Agency Fund to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund of \$4,751,291 were used for ERAF and SERAF payments as mandated by the State to balance the State of California 2005-06 and 2009-10 budgets.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease obligations	\$ 4,255,657	\$ 470,116	\$ 98,770	\$ 4,627,003	\$ 640,899
Certificates of participation	61,895,000	-	1,380,000	60,515,000	1,450,000
Lease revenue bonds	31,035,000	-	2,672,500	28,362,500	2,840,000
Private placement financing	41,475,000	-	3,755,000	37,720,000	3,885,000
Long-term loans & other payables	2,136,062	-	136,555	1,999,507	220,347
Less: Bond discount	<u>(812,457)</u>	<u>-</u>	<u>(32,498)</u>	<u>(779,959)</u>	<u>-</u>
Total bonds payable, long-term loans and capital lease obligations	<u>139,984,262</u>	<u>470,116</u>	<u>8,010,327</u>	<u>132,444,051</u>	<u>9,036,246</u>
Compensated absences payable	23,781,158	6,640,827	6,978,351	23,443,634	5,860,907
Claims payable - worker's compensation	22,031,029	5,611,445	5,251,296	22,391,178	4,200,000
Claims payable - liability insurance	<u>9,731,791</u>	<u>3,791,565</u>	<u>2,656,319</u>	<u>10,867,037</u>	<u>2,950,000</u>
Governmental activities Long-term liabilities	<u>\$ 195,528,240</u>	<u>\$ 16,513,953</u>	<u>\$ 22,896,293</u>	<u>\$ 189,145,900</u>	<u>\$ 22,047,153</u>
Business-type activities:					
Revenue bonds payable	\$ 15,690,000	\$ -	\$ 605,000	\$ 15,085,000	\$ 665,000
Certificates of Participation	555,000	-	555,000	-	-
Notes payable	474,476	-	184,867	289,609	191,393
Add: Bond premium	<u>2,431,900</u>	<u>-</u>	<u>210,298</u>	<u>2,221,602</u>	<u>-</u>
Total bonds payable and long-term notes payable	<u>19,151,376</u>	<u>-</u>	<u>1,555,165</u>	<u>17,596,211</u>	<u>856,393</u>
Compensated absences payable	<u>1,782,392</u>	<u>609,662</u>	<u>632,508</u>	<u>1,759,546</u>	<u>439,886</u>
Business-type activities Long-term liabilities	<u>\$ 20,933,768</u>	<u>\$ 609,662</u>	<u>\$ 2,187,673</u>	<u>\$ 19,355,757</u>	<u>\$ 1,296,279</u>

Internal service funds predominantly serve the governmental funds. Accordingly, \$33.3 million of claims payable is included as part of the above totals for governmental activities.

At year-end, \$2.3 million of internal service funds compensated absences are included in the above amounts. For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long Term Liabilities (Continued)**

The following is a summary of changes in long-term liabilities of the Private-Purpose Trust Fund for the year ended June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Private-purpose trust activities:					
2003A Tax allocation bonds	\$ 15,195,000	\$ -	\$ 625,000	\$ 14,570,000	\$ 650,000
2003B Tax allocation refunding bonds	12,795,000	-	2,310,000	10,485,000	2,430,000
2011A Tax allocation bonds	66,790,000	-	-	66,790,000	-
Long-term loans	3,567,107	-	1,605,689	1,961,418	1,880,008
Less: Bond discount	(208,730)	-	(37,384)	(171,346)	-
Add: Bond premium	763,400	-	190,849	572,551	-
Total bonds payable, long-term	<u>98,901,777</u>	<u>-</u>	<u>4,694,154</u>	<u>94,207,623</u>	<u>4,960,008</u>
Compensated absences payable	69,816	5,657	23,499	51,974	12,994
Postemployment benefits obligation	329,937	-	9,218	320,719	-
Net pension liability	<u>568,230</u>	<u>57,797</u>	<u>-</u>	<u>626,027</u>	<u>-</u>
Private-purpose trust					
Long-term liabilities	<u>\$ 99,869,760</u>	<u>\$ 63,454</u>	<u>\$ 4,726,871</u>	<u>\$ 95,206,343</u>	<u>\$ 4,973,002</u>

A description of each long-term debt obligation follows:

**CAPITAL LEASE OBLIGATIONS**

800 MHz Radio System. On November 23, 2004, the City and thirty seven other cities in the Orange County executed a Joint Agreement for the Operation Maintenance and Financial Management of the Orange County 800 Megahertz Countywide Coordinated Communications System, which provides for the management and governance of the 800MHz Countywide Coordinated Communication System (800 MHz CCCS).

On May 5, 2015, the City entered into an agreement amendment with the County of Orange for the operation, maintenance and financial management of the 800 MHz CCCS, which consisted of the replacement of the backbone infrastructure equipment, along with agency owned equipment and dispatch consoles with the radio equipment.

The City financed the purchase of equipment necessary to implement the 800 MHz system upgrade by entering into an equipment lease-purchase agreement with Motorola Credit Corporation and Motorola Solutions, Inc. The minimum lease payments required during the ten year term of the agreement are \$4.9 million. The first annual principal and interest payments are deferred until July 15, 2016. The lease payment discounted at an estimated interest rate of 3.12 percent provides a present value of \$4.3 million, which is capitalized as equipment in the City's capital assets.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long Term Liabilities (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Period Ending June 30	Payment	Interest
2017	\$ 486,766	\$ -
2018	368,499	118,267
2019	380,163	106,603
2020	392,195	94,571
2021	404,608	82,158
2022-2025	2,223,426	210,402
Total	<u>\$ 4,255,657</u>	<u>\$ 612,001</u>

Copier Lease. On November 23, 2015, the City entered into an agreement with C3 Office Solutions, LLC to lease copiers stationed at various City locations. On November 23, 2015, C3 Office Solutions, LLC sold and assigned to GE Capital Information Technology Solutions, LLC all of its right, title, and interest in and to the lease transaction, including the equipment and all payments and other amounts due under the agreement.

The minimum lease payments required during the three year term of the agreement are \$0.6 million. The lease payment discounted at an estimated interest rate of 4.75 percent provides a present value of \$0.5 million, which is capitalized as equipment in the City's capital assets.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Period Ending June 30	Principal	Interest
2017	\$ 154,133	\$ 14,312
2018	161,616	6,829
2019	55,597	551
Total	<u>\$ 371,346</u>	<u>\$ 21,692</u>

**CERTIFICATE OF PARTICIPATION**

Gas Tax Revenue Certificates of Participation (2007 Local Street Improvement Project). On December 1, 2007, Certificates of Participation amounting to \$68.0 million were issued by the Santa Ana Financing Authority to finance the Street Improvement Project. Certificates totaling \$32.4 million mature serially on January 1, beginning 2011 through 2029 in amounts ranging from \$0.4 million to \$2.3 million and pay interest at rates varying from 4% to 5%. \$11.0 million term certificates are due on January 1, 2033; \$13.1 million term certificates are due on January 1, 2037; \$7.5 million term certificates are due on January 1, 2039; and the balance of \$4.0 million term certificates are due on January 1, 2040.



**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long Term Liabilities (Continued)**

The City is required under the 2007 Installment Sale Agreement (between the City and Authority) to make Installment Sale Payments from the revenues solely received from the State in accordance with Street and Highways Code Sections 2105, 2106 and 2107 in an amount sufficient to pay the annual principal and interest certificates.

These revenues have been pledged until fiscal year 2040. Total debt service amount for the certificates of participation is \$132.5 million. Pledged gas tax revenues recognized during the fiscal year ended June 30, 2016 was \$7.3 million as against the total debt service payment of \$4.2 million. At June 30, 2016, the reserve balance was \$4.2 million. The unpaid balance as of June 30, 2016 was \$60.5 million. Gas Tax Revenue COP debt service requirements to maturity are as follows:

Period Ending	Principal	Interest
June 30	Principal	Interest
2017	\$ 1,450,000	\$ 2,723,932
2018	1,525,000	2,649,556
2019	1,600,000	2,574,431
2020	1,675,000	2,503,931
2021	1,740,000	2,435,631
2022-2026	9,855,000	10,980,443
2027-2031	12,265,000	8,508,619
2032-2036	15,360,000	5,328,819
2037-2040	15,045,000	1,450,715
Total	\$ <u>60,515,000</u>	\$ <u>39,156,077</u>

**LEASE REVENUE BONDS**

Police Lease Revenue Bonds. On March 23, 1994, the Santa Ana Financing Authority (SAFA) issued the Police Administration and Holding Facility Lease Revenue Bonds in the amount of \$107.4 million to provide funds for the construction and equipping of a police administration and holding facility. The bonds were issued in the following portfolio mix: \$1.5 million Capital Appreciation Bonds with accreted values of \$0.3 million due July 1, 2001, \$0.8 million due July 1, 2002 and \$1.3 million due July 1, 2003; \$17.6 million of Current Interest Serial Bonds are due in amounts ranging from \$1.8 million starting July 1, 2004 to \$3.6 million ending in July 1, 2009; \$21.2 million of Auction Inverse Rate Securities Term Bonds (AIRS), due in amounts ranging from \$3.8 million starting in July 1, 2011, to \$4.7 million ending July 1, 2014; \$28.5 million of noncallable Premium Serial Bonds due in amounts ranging from \$5.0 million starting July 1, 2015 to \$6.4 million ending July 1, 2019 and \$38.6 million of noncallable Premium Term Bonds due in amounts ranging from \$6.8 million starting July 1, 2020, to \$8.7 million ending July 1, 2024.

On February 4, 2004, the SAFA issued the Lease Revenue Refunding Bonds, Series 2004A to partially refund \$17.6 million of the Lease Revenue Bonds, Series 1994A representing the Current Interest Serial Bonds maturing in July 1, 2004 through July 1, 2009, and fully refund \$21.2 million of AIRS Term Bonds maturing July 1, 2010 through July 1, 2014. The face value of the Lease Revenue Refunding Bonds, Series 2004A was \$38.8 million. The refunding was issued with interest rates ranging from 2.5% to 5%.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long Term Liabilities (Continued)**

On June 18, 2014, the Lease Revenue Refunding Bonds, Series 2004A was defeased. At the same time, the SAFA executed the 2014 Private Placement Financing with TPB Investment, Inc., Compass Mortgage Corporation and Capital One Public Funding, LLC, to advance refund 50% of the 1994A Police Administration and Holding Facility Lease Revenue Bonds.

The bonds are payable from revenues of the Financing Authority, consisting principally of base rental payments by the City pursuant to a lease agreement between the City and the Authority. The City agreed to make all base rental payments sufficient to permit the Authority to pay principal and interest on all the bonds described in the preceding paragraph. These revenues are pledged until fiscal year 2024. Payment of principal and interest on the bonds is covered by a municipal bond insurance policy issued by Municipal Bond Investors Assurance Company (MBIA). The unpaid balance as of June 30, 2016 was \$28.4 million.

Combined lease revenue bonds debt service requirements to maturity are as follows:

Period Ending		Principal		Interest
June 30		Principal		Interest
2017	\$	2,840,000	\$	1,772,657
2018		3,017,500		1,595,157
2019		3,205,000		1,406,563
2020		3,407,500		1,206,250
2021		3,620,000		993,282
2022-2024		12,272,500		1,565,157
Total	\$	<u>28,362,500</u>	\$	<u>8,539,066</u>

**PRIVATE PLACEMENT FINANCING**

On June 18, 2014, the Santa Ana Financing Authority executed the 2014 Private Lease Financing in the amount of \$45.1 million with three private placement providers: TPB Investment, Inc. (\$22.0 million), Compass Mortgage Corporation (\$10.0 million), and Capital One Public Funding, LLC (\$13.1 million). Of the proceeds received, the City used \$8.0 million to refinance the outstanding 1998 Certificate of Participation (City Hall Expansion Project). These issues will mature serially on January 1, beginning 2015 through 2028, in amounts ranging from \$0.4 to \$0.7 million and bear interest at 3.75%. The remaining \$37.0 million of the proceeds was used to partially advance refund the 1994 Police Administration and Holding Facility Lease Revenue Bonds. These issues will mature serially on July 1, beginning 2015 through 2024, in amounts ranging from \$3.1 million to \$4.3 million and bear interest at 3.32%. The unpaid balance as of June 30, 2016 was \$37.7 million.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long Term Liabilities (Continued)**

The annual debt service payment requirements to maturity are as follows:

Period Ending June 30	TPB Investment, Inc.		Compass Mortgage Corporation		Capital One Public Funding, LLC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,020,000	\$ 603,410	\$ 920,000	\$ 274,232	\$ 945,000	\$ 396,184	\$ 3,885,000	\$ 1,273,826
2018	2,085,000	536,346	950,000	243,688	980,000	362,443	4,015,000	1,142,477
2019	2,155,000	467,124	980,000	212,148	1,010,000	327,476	4,145,000	1,006,748
2020	2,230,000	395,578	1,015,000	179,612	1,045,000	291,355	4,290,000	866,545
2021	2,305,000	321,542	1,045,000	145,914	1,090,000	253,892	4,440,000	721,348
2022-2026	7,380,000	495,344	3,350,000	224,930	4,800,000	678,316	15,530,000	1,398,590
2027-2028	-	-	-	-	1,415,000	53,531	1,415,000	53,531
Total	\$ 18,175,000	\$ 2,819,344	\$ 8,260,000	\$ 1,280,524	\$ 11,285,000	\$ 2,363,197	\$ 37,720,000	\$ 6,463,065

**LONG-TERM LOANS AND OTHER PAYABLES**

Southern California Edison On-Bill Financing Program. On August 2011, the Council approved the installation of energy-efficient LED street lights on Main Street and Edinger Avenue. The project was funded through Southern California Edison's On-Bill Financing Program. Through this program, the City received zero percent financing for approved energy reduction projects for \$1.3 million. The costs are repaid from energy savings over a period of up to ten years. The unpaid balance as of June 30, 2016 was \$1.0 million. The annual debt service requirements are as follows:

Period Ending June 30	Principal
2017	\$ 151,061
2018	150,374
2019	150,045
2020	142,587
2021	121,536
2022-2025	328,950
Total	\$ 1,044,553

800 MHz Radio System. On May 22, 2015, the City entered into a financing agreement with Holman Capital Corporation to fund the City's partnership cost for participating in the Next Generation Systems for 800 MHz CCCS, which requires the replacement of the backbone radio infrastructure equipment. On June 5, 2015, Homan Capital Corporation assigned its right, title, and interest in and to the agreement to Community Business Bank. The City's partnership costs totaling \$2.3 million are payable over three fiscal years. Community Business Bank will provide the funding necessary to fulfill the City's commitment for the first two years in the amount of \$1.0 million at interest rate of 3% per annum. The City has assigned \$1.4 million of the General Fund for the third year (fiscal year 2017-18) partnership costs in order to minimize long term interest expenses. The unpaid balance as of June 30, 2016 was \$0.9 million.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long Term Liabilities (Continued)**

The annual debt service requirements are as follows:

Period Ending June 30	Principal	Interest
2017	\$ 69,286	\$ 55,651
2018	99,479	25,458
2019	102,497	22,440
2020	105,607	19,330
2021	108,811	16,126
2022-2025	469,274	30,475
Total	<u>\$ 954,954</u>	<u>\$ 169,480</u>

**COMPENSATED ABSENCES PAYABLE**

The City's policies relating to compensated absences are described in Note 1D. The outstanding balance at June 30, 2016 was \$23.4 million and \$1.8 million for the Governmental Activities and Business-type Activities, respectively. The liability for Governmental Activities is primarily liquidated from the General Fund while the liability for Business-type activities is liquidated from the Enterprise Funds.

**REVENUE BONDS PAYABLE**

Water Revenue Refunding Bonds, Series 2014. On August 7, 2014, the City, through the Santa Ana Financing Authority (SAFA), issued Water Revenue Refunding Bonds, Series 2014 for \$15.7 million. The proceeds of the bonds were used to (a) provide funds to refund in full the Authority's Water Revenue Refunding Bonds, Series, 2004, b) to finance a portion of the acquisition and construction of certain improvements to the City's Water System, and lastly c) to pay certain costs of issuance of the Bonds. The principal of the bonds is payable commencing March 1, 2015, through 2032 and interest rate ranges from 2.0% to 5.0%.

The 2014 Bonds are payable solely from installment payment made by the City from Net System Revenues pursuant to the Installment Purchase Agreement. These revenues have been pledged until fiscal year 2025. Total debt service amount for the bonds is \$23.4 million. Pledged revenue recognized during the fiscal year ended June 30, 2016 was \$9.3 million as against total debt payment of \$1.3 million. There is no requirement for establishing a reserve fund as security for the Bonds. The unpaid balance as of June 30, 2016 was \$15.1 million.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long Term Liabilities (Continued)**

Water revenue bonds debt service requirements to maturity are as follows:

Period Ending June 30	Principal	Interest
2017	\$ 665,000	\$ 700,200
2018	685,000	676,525
2019	710,000	645,075
2020	745,000	608,700
2021	785,000	570,450
2022-2026	4,515,000	2,243,938
2027-2031	5,670,000	1,257,575
2032	1,310,000	32,750
Total	<u>\$ 15,085,000</u>	<u>\$ 6,735,213</u>

Among other provisions of the bond resolutions, the City covenants that revenue from the water utility operation will be sufficient to provide net revenues of at least 1.20 times the principal and interest (or minimum term bond payment of the bonds as they become due and payable). The City has complied with such covenant as noted in the following analysis:

	<u>June 30, 2016</u>
Operating revenue	\$ 48,289,170
Operating expenses (net of depreciation expense of \$ 2,367,997)	<u>38,994,031</u>
Net revenue	9,295,139
Amount required for payment of principal and interest payable for the year ended June 30, 2017 (\$1,365,200 x 1.20)	<u>1,638,240</u>
Excess of net revenue over amount required	<u>\$ 7,656,899</u>

**CERTIFICATES OF PARTICIPATION**

2003 Refunding Certificate of Participation – Series A. On April 2, 2003, Certificates of Participation 2003 Series A amounting to \$17.0 million were issued to refinance the Certificates of Participation (Parking Facilities Refunding Project) Series 1993A, Certificates of Participation (Commercial Facilities Refunding Project), Series 1993B and Certificates of Participation (Mass Commuting Facility Refunding Project), Series 1993C. The bonds were fully paid off in the current fiscal year and there was no remaining balance as of June 30, 2016.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long Term Liabilities (Continued)**

**NOTES PAYABLE**

In order to increase the pumping capacity, optimize participation in the Metropolitan Water District Seasonal Storage Program and sustain adequate water deliveries during drought and emergency conditions, the City and the Orange County Water District (OCWD) entered into an agreement for the acquisition, construction, installation and operation of certain well facilities, particularly described as Wells 35, 37 and 38.

The agreement was entered into on June 19, 1991 and amended on May 11, 1995. After the project was completed, the City executed a promissory note in favor of OCWD for \$2.9 million at an interest rate of 3.5%, payable semi-annually in the amount of \$0.1 million beginning March 15, 1998 and ending September 15, 2017. The balance of the note as of June 30, 2016 was \$0.3 million. The note is a liability of the City's Water Enterprise Fund.

Water notes payable debt service requirements to maturity are as follows:

Period Ending		Principal		Interest
<u>June 30</u>		<u>          </u>		<u>          </u>
2017	\$	191,393	\$	8,476
2018		<u>98,216</u>		<u>1,719</u>
Total	\$	<u>289,609</u>	\$	<u>10,195</u>

**TAX ALLOCATION BONDS**

The proceeds of the Tax allocation bonds and Tax allocation refunding bonds were used to fund certain redevelopment activities of benefit to public properties within the Agency's Santa Ana South Main Street Redevelopment Project Area.

2003A Tax Allocation Bonds. The Community Redevelopment Agency of the City of Santa Ana issued the South Main Street Redevelopment Project Tax Allocation Bonds in the amount of \$20.9 million on May 14, 2003 to fund redevelopment activities of benefit to the Santa Ana South Main Street Redevelopment Project. Bonds totaling \$13.3 million mature serially on September 1 beginning 2004 through 2024 in amounts ranging from \$0.5 million to \$0.9 million and pay interest at rates varying from 1.1% to 4.5%. \$4.1 million, 4.5% term bonds mature on September 1, 2028 while \$3.6 million, 4.5% bonds mature on September 1, 2031.

As of February 1, 2012, the principal balance of \$16.9 million and the interest of \$8.5 million for bonds debt service requirements to maturity were transferred to the Community Development Agency (Successor Agency) and are recorded in the Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2016 was \$14.6 million.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long Term Liabilities (Continued)**

2003A Tax allocation bonds debt service requirements to maturity are as follows:

Period Ending June 30	Principal	Interest
2017	\$ 650,000	\$ 624,255
2018	675,000	598,405
2019	700,000	570,905
2020	730,000	541,940
2021	760,000	511,015
2022-2026	4,355,000	2,012,948
2027-2031	5,455,000	915,863
2032	1,245,000	28,013
Total	\$ <u>14,570,000</u>	\$ <u>5,803,343</u>

2003B Tax Allocation Refunding Bonds. On May 14, 2003 the Redevelopment Agency issued the South Main Street Redevelopment Project Tax Allocation Refunding Bonds, Series 2003B in the amount of \$34.1 million to current refund the 1993 South Main Tax Allocation Refunding Bonds. The bonds mature serially starting on September 1, 2003 through 2019 in amounts ranging from \$1.8 million to \$2.8 million and pay interest at rates varying from 2% to 5%.

As of February 1, 2012, the principal balance of \$19.1 million and the interest of \$4.1 million for bonds debt service requirements to maturity were transferred to the Successor Agency and are recorded in the Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2016 was \$10.5 million.

2003B Tax allocation refunding bonds debt service requirements to maturity are as follows:

Period Ending June 30	Principal	Interest
2017	\$ 2,430,000	\$ 463,500
2018	2,550,000	339,000
2019	2,685,000	208,125
2020	2,820,000	70,500
Total	\$ <u>10,485,000</u>	\$ <u>1,081,125</u>

Payment of the principal and interest on both Series A and B bonds is guaranteed by Financial Guaranty Insurance Company (FGIC) under a Municipal Bond New Issue Insurance Policy. As of March 25, 2009, Moody's withdrew the credit rating of FGIC.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long Term Liabilities (Continued)**

2011A Tax Allocation Bonds (Merged Project Area).

The 2011A Tax Allocation Refunding Bonds were issued in the amount of \$66.8 million on January 25, 2011 to provide funding for the defeasance and refinancing of the 1998 Santa Ana Financing Authority Refunding Revenue Bonds series A, B, C, and D (SAFA), and for the financing of \$6.1 million in redevelopment activities, including certain public parking and infrastructure improvements. The SAFA bonds were an obligation of the City, the proceeds from which were used to purchase the 1989 Tax Allocation Refunding Bonds Series A, B, C and E (1989). The 1989 bonds were an obligation of the Community Redevelopment Agency of the City (Agency), and this transaction resulted in the retirement of those bonds. The 2011 bonds mature serially starting on September 1, 2017 through 2028, in amounts ranging from \$0.8 million to \$10.8 million, and pay interest at rates varying from 5% to 6.75%.

The 2011 bonds are an obligation of the Agency and are secured by a first pledge of and lien on tax revenues, taxes which constitute supplemental subventions payable by the State to the Agency, taxes which constitute amounts to be paid by the Agency pursuant to certain pass-through agreements described in the official statement, except and to the extent such amounts so payable are payable on a basis subordinate to the payment of the 2011 bonds and any parity debt, taxes which constitute amounts payable by the Agency under former Section 33676 of the Redevelopment Law for payments to affected taxing entities, taxes to the extent required for the payment of debt service on the 2003 Bonds, and taxes pledged and annually allocated to the South Main Street Redevelopment Plan. The economic gain on refunding was \$2.0 million.

As of February 1, 2012, the principal balance of \$66.8 million and the interest of \$51.5 million for bonds debt service requirements to maturity were transferred to the Successor Agency and are recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2016 was \$66.8 million.

2011A Tax allocation bonds debt service requirements to maturity are as follows:

Period Ending		Principal	Interest
June 30			
2017	\$	-	\$ 4,209,850
2018		805,000	4,189,725
2019		1,145,000	4,140,975
2020		2,735,000	4,040,556
2021		5,475,000	3,809,825
2022-2026		38,050,000	12,892,419
2027-2029		18,580,000	1,400,963
Total	\$	<u>66,790,000</u>	<u>\$ 34,684,313</u>



**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Long Term Liabilities (Continued)**

The 2003 Bonds Series A, 2011A Bonds and 2003 Refunding Bonds Series B are not a debt of the City, the State of California, nor any of its political subdivisions, and neither the City, the State nor any of its political subdivision is liable therefore, not in any event shall the bonds be payable out of funds or properties other than those of the Successor Agency as set forth in the bond indenture.

ABx1 26 (the "Dissolution Act") was enacted in late June 2011 as part of the fiscal year 2011-12 state budget package and was held by the California Supreme Court to be largely constitutional on December 29, 2011. Under the Dissolution Act, each of California's redevelopment agencies was dissolved as of February 1, 2012. On January 9, 2012, the City adopted a resolution declaring its intent to serve as the Successor Agency and designating the Housing Authority of the City to serve as the Successor Housing Agency. Pursuant to ABx1 26, prior to the dissolution, on August 24, 2011, the Dissolved Redevelopment Agency prepared the initial Enforceable Obligation Payment Schedule (the "EOPS") and subject to update by the Successor Agency. Subsequent legislation further amended the Dissolution Act and the Successor Agency is currently required to submit an annual Oversight Board approved Recognized Obligation Payment Schedule (ROPS) to the County Auditor Controller (CAC) and the Department of Finance (DOF) by February 1<sup>st</sup> of each year (Section 34177(o)). Distributions from the Redevelopment Property Tax Trust Fund (RPTTF) are made semi-annually on June 1 and January 2. The distribution revenues have been pledged until the year 2031 for the 2003 Series A bonds, 2019 for the 2003 Series B bonds and 2029 for 2011A Bonds in accordance with EOPS and ROPS.

The information of EOPS and ROPS are found on the City's website at:

<http://santa-ana.org/cda/oversight.asp>

**LONG-TERM LOANS**

Santa Ana Venture Loan. In April 1984, the Redevelopment Agency entered into a participation agreement with the Santa Ana Venture, a joint venture between JMB/ Federated Realty Association and Henry Segerstrom (the "Participants"), to provide for the rehabilitation and redevelopment of the Main Place project. This agreement provided for the Redevelopment Agency to acquire land within the project area and to sell it to the Participants subject to restrictive terms, conditions, and provisions set forth in the agreement. To fund the Redevelopment Agency's acquisition of land and other related costs above the funding level made available by the Agency, the Participants agreed to advance the Participant's purchase price and to make available an unsecured loan of up to \$13.5 million to the extent total Agency costs exceeded \$29 million. The loan accrues interest at 10% per annum and is to be repaid solely from the annual tax increment accruing to the Agency from the project site, each year that the increment is in excess of the tax increment accruing in fiscal year 1984. As of February 1, 2012, the principal balance of \$6.2 million was transferred to the Successor Agency and is recorded in the Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. As of June 30, 2016, the unpaid accrued interest was \$0.2 million and the outstanding principal balance was \$2.0 million.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Other Bonds and Loan Programs**

The City has entered into a number of bond and loan programs to provide low interest financing for various residential and commercial developments within the City. Although the City has arranged these financing programs, these debts are not payable from any revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, nor any political subdivision of the City, is pledged to repay the indebtedness. Generally, the bond or loan holders may look only to assets held by trustees for security on the indebtedness. Accordingly, since these debts do not constitute obligations of the City, they are not reflected as a liability in the accompanying statement of net assets. A short description of each program follows:

Residential Mortgage Revenue Bond Programs:

Through June 30, 2016, the City and the Housing Authority of the City issued residential mortgage revenue bonds totaling \$55.6 million. The proceeds of these bonds were used to purchase mortgage loans made to homeowners and developers for the purpose of financing single-family and multi-family dwellings.

The bonds, secured by first trust deeds and private mortgage insurance, are as follows:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2001	4.00-6.50%	\$ 3,640,000
November 1, 2001	6.05%	3,306,000
December 23, 2004	Variable	5,225,000
June 25, 2002	6.00%	1,035,778
November 1, 2003	5.24%	5,100,000
May 1, 2006	5.88%	7,343,904
May 1, 2007	5.21%	8,858,276
May 1, 2007	Variable	6,399,746
July 1, 2009	Variable	4,055,000
October 31, 2011	5.85%	10,615,700
		<u>\$ 55,579,404</u>

The bonds are payable solely from payments made on the mortgage loans, proceeds of the bonds, and other amounts held in funds or accounts established by the trustee pursuant to the indentures.

California Municipal Finance Authority (CMFA):

The CMFA has issued \$41.0 million in bonds on behalf of several high schools and affordable housing partnerships. The proceeds will finance acquisition, construction and improvement of various facilities. The City has no financial or legal liability for the project or repayment of the bonds and does not constitute any type of indebtedness for the City.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Other Bonds and Loan Programs (Continued)**

Rehabilitation Loan Program:

Housing Rehabilitation Loan Programs. The City and the Authority have established a number of housing rehabilitation loan programs using Community Development Block Grant (CDBG) funds as authorized by the U.S. Department of Housing and Urban Development (HUD).

To implement these programs, the City and the Authority have entered into agreements with various lending institutions to provide funding for loans at below-market rates of interest. The property owners' notes and deeds of trust are pledged as collateral for the loans.

In addition to loans made available by the lending institutions, the City and the Authority have elected to make other direct deferred payment rehabilitation loans available from CDBG funds, and from funds borrowed from the State Department of Housing and Community Development. Under the program, loans made using CDBG funds accrue interest at rates varying from 0% to 6% and are due when the property is sold. Funds borrowed from the state are loaned to participants at an annual rate of 3% and become due in five years.

The City accounts for these programs in the Housing Rehabilitation Loan Program Agency Fund where amounts due as Notes Payable to other governmental agencies of \$0.2 million are reflected at June 30, 2016.

The Fund's primary assets consist of the non-interest bearing deposits pledged as collateral, and participant note receivables, which originated from City and/or State funds. Loans to participants made by the outside lending institutions are not reflected in the financial statements.

Self-Funding Residential Loan Programs. In April 1983, the City Council implemented a self-funding residential loan program to replace the aforementioned interest rate buy-down programs implemented through banks and savings and loan associations. The program makes direct loans to qualifying persons for both single-family and multiple units in amounts up to \$75,000 at 0% to 3% interest, which are either amortized over 20-30 years or deferred up to 30 years for single-family units. Generally, all loans are due upon sale or once the property is no longer owner-occupied, and are secured by a deed of trust. For mobile home loans, the program provides up to \$12,000 with 0% interest and is forgivable after five years.

A number of the loans which may be forgiven are loans to homebuyers for projects with Home Investment Partnership Program (HOME) and Tax Increment funding. In the event the loan has not become due and payable prior to the 45th year, the whole amount will be considered matured and the obligation to pay shall be forgiven as of the maturity date. If the property is sold to a non-income qualified buyer, the full amount will be due and payable in addition to, if required by the specific loan, a Contingent Equity Participation amount as set forth in the promissory note and loan agreement terms.

In addition, the City provides residual receipt loans up to 3% interest to developers for affordable housing multi-family projects for new construction or acquisition/rehabilitation. Some multi-family loans from Tax Increment funding may be forgiven in accordance with the promissory note and loan agreement terms.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Other Bonds and Loan Programs (Continued)**

The City Council also approved a down payment assistance program for first time homebuyers. The program offers 0% interest, deferred payment loans up to \$40,000. All loans are deferred for 45 years or are due upon sale with the loan secured by a deed of trust.

The above-described loan programs are funded by HOME, CDBG, other grant funds and property tax increment revenues prior to the Dissolution Act. The forgivable loans were offset by allowance for uncollectible accounts and the long-term loans were discounted based on the historical prime rate, which was 3.5 percent as of June 30, 2016. At year-end, loans and notes receivable were reported as follows:

Program/Fund	Loans Receivable	Allowance for Uncollectibles	Net Loans Receivable
Home Investment Partnership Program	\$ 38,230,579	\$ (277,768)	\$ 37,952,811
Community Development Block Grants	2,435,986	(5,423)	2,430,563
Neighborhood Stabilization Program	9,898,316	-	9,898,316
CalHome Program	1,355,476	(136,020)	1,219,456
Total Special Revenue Grants	<u>51,920,357</u>	<u>(419,211)</u>	<u>51,501,146</u>
Capital Projects - Housing Successor Agency	<u>61,984,864</u>	<u>(33,579,863)</u>	<u>28,405,001</u>
	<u>\$ 113,905,221</u>	<u>\$ (33,999,074)</u>	<u>\$ 79,906,147</u>

**F. Commitments**

Appellate Court Garage Lease Agreement

On October 27, 2005, the Santa Ana Financing Authority (SAFA) entered the Lease Agreement with the City to lease the City's property at the blocks A, B, C and D on Ross Street (Site) for construction of the three-level parking facility. Under the lease, the SAFA agreed to advance rental payment in the amount of \$6.0 million to the City. On October 27, 2005, the SAFA re-leased the Site to the City and assigned its right to receive lease payment and its right to enforce payment of the Lease Payments to All Points Public Funding, LLC.

On March 30, 2007, both parties, the SAFA and the City amended the October 27, 2005 Lease and Release Agreements. Under the amended Lease and Release Agreements, the SAFA agreed to advance rental payment in the amount of \$8.5 million to the City. On March 30, 2007, the SAFA and All Points Public Funding, LLC (now known as Capital One Public Funding, LLC) amended the Assigned Agreement to the lease amount of \$8.5 million.

On June 1, 2014, the Assigned Agreement was amended to give the City a prepayment option and revised the lease payment schedule. The amended lease term is scheduled to end on May 1, 2016, or may be extended for a certain period, but not beyond May 1, 2036. The amended lease payment schedule was computed at 3.6 % per annum. The future minimum lease payments required under the term of the lease at June 30, 2016 totaled \$5.3 million.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Commitments (Continued)**

Period Ending June 30	Principal Component	Interest Component	Total Lease Payment
2017	\$ 449,871	\$ 187,148	\$ 637,019
2018	466,212	170,807	637,019
2019	483,147	153,872	637,019
2020	500,697	136,622	637,319
2021	518,884	118,135	637,019
2022-2016	2,891,210	293,885	3,185,095
	<u>\$ 5,310,021</u>	<u>\$ 1,060,469</u>	<u>\$ 6,370,490</u>

Encumbrances

Encumbrances represent commitments related to contracts not yet performed, and orders not yet filled and they are used to control expenditure commitments for the year and to enhance cash management. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget. The encumbrances balance at June 30, 2016 was \$7.0 million.

Encumbrances	June 30, 2016
General Fund	\$ 692,623
Special Revenue Grants	1,242,727
Capital Projects Housing Successor Agency	25,000
Capital Projects Street Construction	511,129
Nonmajor Special Revenue Funds	6,492
Nonmajor Capital Project Funds	387,066
Water	1,229,375
Parking	18,600
Sewer	1,044,660
Nonmajor Enterprise Funds	826,386
Internal Services Funds	972,952
	<u>\$ 6,957,010</u>

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 4. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In July 1975, the City established Self Insurance Internal Service Funds for the administration of the City's self-insurance programs and the payment of health and dental benefits, workers' compensation and liability claims. The City's Liability and Workers' compensation programs are self-administered (staffed by City employees). The City's claim staff estimate total losses for each claim and determine reserve requirements for the Liability and Workers' Compensation claims programs.

Under these programs, the City is self-insured for workers' compensation up to \$1.0 million each occurrence with Statutory Coverage. Furthermore, the City is a member of the Big Independent Cities Excess Pool (BICEP), a public entity risk pool established to pool resources, share risks, and purchase excess insurance. BICEP's excess liability program began October 1, 1988. Each BICEP member city assumes the first \$1 million of each occurrence. All BICEP members share the risk for the first layer of claims between \$1 million to \$2 million or purchase commercial excess liability insurance depending on market availability and pricing. Reinsurance and excess insurance covers amounts from \$2 million to \$27 million maximum. In 1993, the City became a charter member of the Public Entity Property Insurance Program (PEPIP). Current PEPIP limits are \$1 billion per occurrence for "all risks" and \$82.5 million for flood coverage. The City carries commercial insurance to cover claims of employees participating in the dental program. Also, the City has contracted with the California Public Employees Retirement System (CalPERS) Health Insurance Program to cover claims of employees participating in the HMO and PPO plans contracted by CalPERS. Settled claims have not exceeded commercial coverage during the last three years.

All funds of the City participate in the program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current claims in the liability and workers' compensation programs.

In the health and dental programs, contributions to the Self Insurance Internal Service Fund represent estimated premiums payable to CalPERS and the dental insurance carriers.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The losses include an estimate of claims that have been incurred but not reported. The effects of specific incremental claim adjustment expenditures/expenses, salvage, and subrogation, and other allocated and unallocated claim adjustment expenditures/expenses are included. At June 30, 2016, the outstanding losses for the workers' compensation and liability programs are reported at their discounted present value. The outstanding losses are discounted at a 2.0% annual interest rate to reflect future investment earnings. The present value computations were performed by an independent casualty actuary, in connection with their actuarial study of the City's self-insured workers' compensation and liability programs undertaken as of June 30, 2016.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**A. Risk Management (Continued)**

Changes in the balances of claims liabilities since July 1, 2014 resulted from the following:

	<u>Workers Compensation</u>	<u>Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2014	\$ 20,362,562	\$ 7,498,982	\$ 27,861,544
Claims and Changes in Estimate	9,325,644	4,586,512	13,912,156
Claims Payments	<u>(5,134,022)</u>	<u>(2,060,859)</u>	<u>(7,194,881)</u>
Unpaid Claims - June 30, 2015	24,554,184	10,024,635	34,578,819
Less Discount Taken	<u>(2,523,155)</u>	<u>(292,844)</u>	<u>(2,815,999)</u>
Net Unpaid Claims - June 30, 2015	<u>\$ 22,031,029</u>	<u>\$ 9,731,791</u>	<u>\$ 31,762,820</u>

	<u>Workers Compensation</u>	<u>Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2015	\$ 22,031,029	\$ 9,731,791	\$ 31,762,820
Claims and Changes in Estimate	7,845,434	2,963,684	10,809,118
Claims Payments	<u>(4,891,147)</u>	<u>\$ (1,521,073)</u>	<u>(6,412,220)</u>
Unpaid Claims - June 30, 2016	24,985,316	11,174,402	36,159,718
Less Discount Taken	<u>(2,594,138)</u>	<u>(307,365)</u>	<u>(2,901,503)</u>
Net Unpaid Claims - June 30, 2016	<u>\$ 22,391,178</u>	<u>\$ 10,867,037</u>	<u>\$ 33,258,215</u>

**B. Related Party Transactions**

As explained in Note 1A, this report includes the accounts of the Housing Authority and the Financing Authority, each of which is considered a component unit of the primary government. Each of these component units is operated by City employees, some of whom provide services for (or exert management influence over) more than one of these component units. Charges to these units for labor, materials and overhead are made directly at the City's standard rate per formal agreements with the City. Real property transfers between the City and its component units are reported at the current carrying value, net of cost incurred by the acquiring unit.

**C. Contingent Liabilities**

Commitments and Contingencies. Numerous claims and suits have been filed against the City in the normal course of business. To the extent that information available indicates that it is probable a liability has been incurred as of June 30, 2016 and where the amount of loss could be reasonably estimated, the obligation has been accrued as an expense of the City's self-insurance program (see Note 4A).

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 4. OTHER INFORMATION (CONTINUED):**

**C. Contingent Liabilities (Continued)**

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

**D. Joint Ventures**

The Orange County Civic Center Authority (the "OCCCA") was created in January 1966 under a Joint Exercise of Powers Agreement between the City and the County of Orange. The purpose of the OCCCA is to provide, through the issuance of revenue bonds, financing necessary to construct a county courthouse and certain City buildings, located on land contributed to the OCCCA by the County and the City. Upon completion of construction, the OCCCA leased the facilities to the County, the City and the State of California. The City took title to its City Hall facilities when it exercised an early defeasance of the corresponding revenue bonds in fiscal year 1993-94. The Authority is governed by a five-member board to which the Orange County Board of Supervisors and the Santa Ana City Council each appoint two members. These four members select the fifth member. The City and the County have contracted with the OCCCA to administer the Civic Center parking lot and the Parking/Maintenance Fund. Parking revenue is retained by the OCCCA and must be used to pay the parking lot concessionaire, to pay any taxes related to the parking lot, and to reimburse the City for the cost of maintaining the Civic Center. No provision has been made for disposition of excess funds remaining after authorized expenditures have been made.

The Agreement specifies a term of existence of 50 years; however, the Agreement cannot be terminated until all revenue bonds issued and interest thereon has been paid in full or are adequately provided. Upon termination of the Agreement, title to all properties of the OCCCA shall be conveyed to the State, the County and the City, as applicable. Audited financial information of the OCCCA is available at the office of the Auditor-Controller, County of Orange, Finance Building, 630 North Broadway P.O. Box 567, Santa Ana, California 92702-0567.

The Countywide Public Financing Authority ("CPFA") was created under a Joint Powers Agreement (the "Agreement"), dated June 19, 1996, by and among the cities of Brea, Buena Park, Fullerton, Garden Grove, Orange, Santa Ana, Seal Beach, Stanton and Tustin (collectively, the "Members"). The purpose of this Agreement is to provide for the financing of public capital improvements for, and working capital requirements of, the Members through the acquisition by CPFA of such public capital improvements and/or the purchase by the CPFA of obligations of a Member pursuant to Bond Purchase Agreements and/or the lending of funds by CPFA to a Member and/or the leasing of public capital improvements to a Member.



**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**E. Defined Benefit Pension Plan**

a. General Information about the Pension Plans:

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. Members who joined CalPERS on or after January 1, 2013 with at least 5 years of service are eligible to retire at age 52 for miscellaneous members and at age 50 for safety participants. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit at level 4, or the Optional Settlement 2W Death Benefit. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2016 are summarized as follows:

	<b>Miscellaneous</b>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52 to 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1% to 2.5%
Required employee contribution rates	8%	6.75%
Required employer contribution rates	28.51%	28.51%

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**E. Defined Benefit Pension Plan (Continued)**

	<b>Safety</b>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	9%	12.25%
Required employer contribution rates	46.53%	46.53%

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	1,277	883
Inactive employees entitled to but not yet receiving benefits	806	193
Active employees	722	300
Total	<u>2,805</u>	<u>1,376</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**E. Defined Benefit Pension Plan (Continued)**

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. Participants who joined CalPERS on or after January 1, 2013 (new members) are required to contribute at least 50% of the normal cost rate. In fiscal year 2015-16, the rate is 6.75% (12.25% for safety employees) of the new members' annual covered salary. As an employer, the City is required to contribute an actuarially determined percentage rate of annual covered payroll. The fiscal year 2015-16 rate was 46.50% for the safety employees and 28.51% for non-safety employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

b. Net Pension Liability:

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30% to 14.20% <sup>(1)</sup>	3.30% to 14.20% <sup>(1)</sup>
Investment Rate of Return	7.5% <sup>(2)</sup>	7.5% <sup>(2)</sup>
Retirement Age	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	
Mortality	(3)	(3)

(1) Depending on entry age, service and type of employment.

(2) Net of pension plan investment and administrative expenses; including inflation.

(3) The probabilities of Retirement are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 4. OTHER INFORMATION (CONTINUED):**

**E. Defined Benefit Pension Plan (Continued)**

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

GASB 69, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**E. Defined Benefit Pension Plan (Continued)**

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

c. Changes in the Net Pension Liability:

The changes in the Net Pension Liability for each Plan are as follows:

**Miscellaneous Plan:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2014 (VD) <sup>(1)</sup></b>	\$ 764,439,780	\$ 569,718,554	\$ 194,721,226
<b>Changes in the year:</b>			
Service cost	9,672,344	-	9,672,344
Interest on the total pension liability	56,329,663	-	56,329,663
Differences between expected and actual experience	(900,398)	-	(900,398)
Changes in assumptions	(13,889,017)	-	(13,889,017)
Plan to Plan Resource Movement	-	63	(63)
Contribution from the employer	-	14,336,768	(14,336,768)
Contribution from the employee	-	4,982,824	(4,982,824)
Net investment income	-	12,722,834	(12,722,834)
Benefit payments, including refunds of employee contributions	(36,302,165)	(36,302,165)	-
Administrative expense	-	(635,613)	635,613
<b>Net changes during 2014-15</b>	<u>\$ 14,910,427</u>	<u>\$ (4,895,289)</u>	<u>\$ 19,805,716</u>
<b>Balance at June 30, 2015 (MD) <sup>(1)</sup></b>	<u>\$ 779,350,207</u>	<u>\$ 564,823,265</u>	<u>\$ 214,526,942</u>

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**E. Defined Benefit Pension Plan (Continued)**

**Safety Plan:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2014 (VD) <sup>(1)</sup></b>	\$ 991,821,281	\$ 770,324,360	\$ 221,496,921
<b>Changes in the year:</b>			
Service cost	10,747,904	-	10,747,904
Interest on the total pension liability	72,730,571	-	72,730,571
Differences between expected and actual experience	(955,751)	-	(955,751)
Changes in assumptions	(17,407,256)	-	(17,407,256)
Contribution from the employer	-	15,096,410	(15,096,410)
Contribution from the employee	-	3,829,695	(3,829,695)
Net investment income	-	17,008,914	(17,008,914)
Benefit payments, including refunds of employee contributions	(56,211,627)	(56,211,627)	-
Administrative expense	-	(843,530)	843,530
<b>Net changes during 2014-15</b>	<b>\$ 8,903,841</b>	<b>\$ (21,120,138)</b>	<b>\$ 30,023,979</b>
<b>Balance at June 30, 2015 (MD) <sup>(1)</sup></b>	<b>\$ 1,000,725,122</b>	<b>\$ 749,204,222</b>	<b>\$ 251,520,900</b>

<sup>(1)</sup> The table above is based on the Valuation Date (VD) June 30, 2014 and the Measurement Date (MD) of June 30, 2015.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 319,393,748	\$ 381,697,434
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 214,526,942	\$ 251,520,900
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 128,170,587	\$ 144,624,636

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**E. Defined Benefit Pension Plan (Continued)**

d. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

For the year ended June 30, 2016, the City recognized pension expense of \$9.1 million for safety plan and \$8.6 million for non-safety employees. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 33,957,951	\$ -
Differences between actual and expected experience	-	(1,009,552)
Changes in assumptions	-	(16,968,400)
Net differences between projected and actual earnings on pension plan investments	-	(13,468,445)
Total	\$ 33,957,951	\$ (31,446,397)

\$34.0 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(inflows) of Resources		
	Miscellaneous	Safety	Total
2017	\$ (10,230,753)	\$ (14,117,151)	\$ (24,347,904)
2018	(5,729,628)	(6,247,289)	(11,976,917)
2019	(3,800,575)	(5,372,861)	(9,173,436)
2020	6,011,210	8,040,650	14,051,860
2021	-	-	-
Thereafter	-	-	-

e. Public Agencies Post-Employment Benefits Trust Fund:

During fiscal year 2015-16, the City established the Public Agencies Post-Employment Benefits Trust Fund administered by the Public Agency Retirement Services (PARS) and contributed \$0.5 million to an irrevocable trust to prefund the City's pension obligations. The trust is reported as a fiduciary fund.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 4. OTHER INFORMATION (CONTINUED):**

**F. Supplementary Retirement Plan**

a. Plan Description:

On April 18, 2011, the City adopted a resolution authorizing the implementation of a Public Agency Retirement Services (PARS) for twenty-five POA retirees. On August 24, 2011, City amended the resolution to allow the incumbent POA President to participate under the plan. The plan provides a stipend for twenty-six POA retirees that were denied reportable compensation under the California Public Employee Retirement System (CalPERS) for salary increases they received in exchange for participating in an unpaid furlough program. The plan is an agent-multiple employer defined benefit pension plan.

b. Eligibility:

POA members who retired from July 1, 2009 to December 31, 2010 and participated in an unpaid furlough program. Additionally, one POA President who retired prior to December 31, 2011 was eligible under supplementary retirement plan.

c. Funding Policy:

The City has made available an annual amount of \$119,768 to the plan in accordance with the payment terms defined by the plan. This annual amount is subject to an annual compounding cost of living adjustment of two percent (2%) per year. For fiscal year 2015-16, the City's annual PARS contribution was \$125,840.

d. Net Pension liability:

The City's net pension liability for the supplementary plan is measured as the total pension liability, less the pension plan's fiduciary net position (unfunded accrued liability). The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2016. A summary of principal assumptions and methods used to determine the net pension liability is shown below.



**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**F. Supplementary Retirement Plan (Continued)**

Actuarial Assumptions

The actuarial assumptions for the Supplementary Retirement Plan for twenty-six (26) POA retirees included:

Valuation Timing	Actuarially determined contribution rates are calculated as of June 30, for the fiscal year ending that June 30th.
Valuation Date	6/30/2016
Measurement Date	6/30/2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method:	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 06/30/2016	16 Years
Amortization growth rate	0.00%
Asset Valuation Method:	
Smoothing period	None
Recognition method	None
Corridor	None
Actuarial Assumptions:	
Inflation	0.00%
Projected Salary Increase	0.00%
Investment Rate of Return	6.00%
Cost of Living	2.00%
Mortality	Males: RP-2000 Male Table projected to 2020 using Scale BB ( as prescribed by PARS) Females: RP-2000 Female Table projected to 2020 using Scale BB ( as prescribed by PARS)

Discount Rate

The discount rate is based on the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is not projected to be sufficient. As of June 30, 2016, the plan's fiduciary net position is not projected to be sufficient in the first year of the projection.

The primary assumption in determining the sufficiency of a plan's fiduciary net position relates to expected employer contributions. As of June 30, 2016, the supplementary plan is currently not prefunded, in other words the level of contributions made are sufficient only to make current benefit payments.

Since a date of depletion is determined, the discount rate is much lower than the current 6.00% investment return assumption. After assets are expected to be depleted, projected benefit payments are discounted using the municipal bond index. The City has chosen the Bond Buyer Go 20-Bond Municipal Bond Index. The bond index decreased from 3.80% as of June 30, 2015 to 2.85% as of June 30, 2016 resulting in a decrease in the single equivalent rate from 3.80% as of July 1, 2015 to 2.85% as of June 30, 2016.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**F. Supplementary Retirement Plan (Continued)**

The unfunded liability, referred to as the Net Pension Liability, is \$2.6 million for a funded ratio of 2.28% as of June 30, 2016.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	100%	0.42%	0.41%
Assumed Inflation- Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.89%	1.89%
Portfolio Real Mean Return			0.42%	0.41%
Portfolio Nominal Mean Return			2.73%	2.72%
Portfolio Standard Deviation				1.75%
<b>Long-Term Expected Rate of Return</b>				<b>6.00%</b>

e. Changes in the Net Pension Liability:

The changes in the Net Pension Liability for the POA retirees plan are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2015	\$ 2,147,815	\$ 66,361	\$ 2,081,454
Service cost	-	-	-
Interest on total pension liability	74,810	-	74,810
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	20,818	-	20,818
Effect of assumptions changes or inputs	558,088	-	558,088
Benefit payments	(118,011)	(118,011)	-
Employer contributions	-	125,840	(125,840)
Member contributions	-	-	-
Net investment income	-	42	(42)
Administrative expenses	-	(13,132)	13,132
Balances as of June 30, 2016	<u>\$ 2,683,520</u>	<u>\$ 61,100</u>	<u>\$ 2,622,420</u>

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**F. Supplementary Retirement Plan (Continued)**

Sensitivity Analysis

The following presents the net pension liability of the City of Santa Ana PARS Supplementary Retirement Plan, calculated using the discount rate of 2.85%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.85%) or 1 percentage point higher (3.85%) than the current rate.

		1% Decrease 1.85%		Current Discount Rate 2.85%		1% Increase 3.85%
Total pension liability	\$	3,086,218	\$	2,683,520	\$	2,356,804
Fiduciary net position		61,100		61,100		61,100
Net pension liability	\$	<u>3,025,118</u>	\$	<u>2,622,420</u>	\$	<u>2,295,704</u>

f. Supplementary Retirement Plan Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

As of June 30, 2016, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on pension plan investments	<u>5,277</u>	<u>-</u>
Total	<u>\$ 5,277</u>	<u>\$ -</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Period Ending June 30</u>		<u>Amount</u>
2017	\$	1,508
2018		1,508
2019		1,506
2020		755
2021		-
Thereafter*		-

\* Note that additional future deferred inflows and outflows of resources may impact these numbers.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**F. Supplementary Retirement Plan (Continued)**

g. Pension Expense:

	<u>July 1, 2015 to June 30, 2016</u>
Service cost	\$ -
Interest on total pension liability	74,810
Effect of plan changes	-
Administrative expenses	13,132
Member contributions	-
Expected investment return net of investment expenses	(3,825)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	20,818
Recognition of assumption changes or inputs	558,088
Recognition of investment gains or losses	<u>1,508</u>
Pension Expense	<u>\$ 664,531</u>

**G. Retirement Health Benefits**

In addition to the pension benefits described above, the City provides medical, dental and vision coverage to its retiring employees as part of compensation offered for services received. The City contributed to the cost of retiree medical coverage under Retirement health Benefit Subsidy Plan (the Subsidy Plan), Retiree Health Savings Plan (RHS) and Public Employees Medical & Hospital Care Act (PEMHCA) as described below. The City makes no contribution towards the cost of dental or vision coverage for retirees.

**1. Retirement Health Benefit Subsidy Plan**

a. Plan Description:

During fiscal year 2001-02, the City established the post-employment health benefits to cover the Police Management Association (PMA), the Santa Ana City Employee's Chapter 1939/SEIU Local 721 (SEIU), the Mid/Administrative Managers' Association and Executive Manager (SAMA), and Confidential Association of Santa Ana (CASA). These plans were considered the Subsidy Plan. Effective October 1, 2006, the City also expanded the contribution to the Police Officers Association (POA) Medical Insurance Trust Fund for their postemployment health benefits. The POA had the full fiscal obligation of the plan; therefore, the Medical Insurance Trust Fund was not an OPEB obligation of the City under GASB 45. On March 1, 2012, PMA established a Retiree Health Savings Plan (RHS) account with ICMA-RC for each individual PMA member. SAMA and CASA established an RHS account on October 1, 2014 and SEIU established an RHS account on January 1, 2016 for their members. All contributions into the RHS plan are 100% employee funded. All monies in the SEIU, SAMA and CASA Retiree Health Benefit Subsidy Plan were distributed to retired and active employees and all funds dissolved as of June 30, 2016. Accordingly, benefits liability for the subsidy plans was eliminated as of June 30, 2016.

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 4. OTHER INFORMATION (CONTINUED):**

**G. Retirement Health Benefits (Continued)**

**2. Public Employees Medical & Hospital Care Act (PEMHCA)**

a. Plan Description:

The City contracted CalPERS Health Benefits under PEMHCA to provide Health Care coverage to the retirees. The PEMHCA benefits are applied to all employee groups other than POA and City Council. Firefighters (FBA, FMA) joined PEMHCA on 1/1/98. All other employee groups (excluding POA) joined PEMHCA on 1/1/99.

b. Eligibility:

Employees are eligible for PEMHCA benefits if they retire from the City on or after age 50 with at least 5 years of service or disability, and are eligible for a PERS pension.

c. Funding Method and Funded Status:

The City selected “unequal” PEMHCA method for the contribution. Under this method, the City offered a lesser contribution for retirees than for active employees. The City paid 80% of the \$122(\$97.60) for calendar year 2015 and 85% of the \$125(\$106.25) for calendar year 2016 per active miscellaneous employee for PEMHCA minimum. Beginning 2008, Assembly Bill 2544 changed the computation for annual increases to annuitant health care under the unequal method. Under the new provisions, the City increases annuitant health care contribution equal an amount not less than 5 percent of active employees contribution times number of year in the PEMHCA. The annual increase in minimum PEMHCA contribution to CalPERS will continue until the time that the City contribution for retirees equals the City contribution paid for active employees. During fiscal year 2015-16, the total City’s PEMHCA contribution for retirees was \$1.5 million.

The actuarial valuation for the PEMHCA plan involves (1) estimates of the value of reported amounts and assumptions about the probability of events far into the future, and (2) actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Premium rates and increases

The minimum CalPERS rates for PEMHCA for 2016 is \$125 monthly under the unequal contributions provision based on year entering the plan with a 4.5% increase assumptions. The 2016 CalPERS monthly medical plan rates in the Southern California rate group are shown in the table below.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**G. Retirement Health Benefits (Continued)**

Southern California 2016 Health Plan Rates

Plan	Actives and Pre-Med Retirees			Medicare Eligible		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Anthem HMO Select HMO	\$ 634.75	\$ 1,269.50	\$ 1,650.35	N/A	N/A	N/A
Anthem HMO Traditional HMO	710.79	1,421.58	1,848.05	N/A	N/A	N/A
Blue Shield Access+ HMO	654.87	1,309.74	1,702.66	N/A	N/A	N/A
Blue Shield NetValue HMO	666.35	1,332.70	1,732.51	N/A	N/A	N/A
Health Net Salud y Más HMO	535.98	1,071.96	1,393.55	N/A	N/A	N/A
Health Net Smart Care HMO	596.98	1,193.96	1,552.15	N/A	N/A	N/A
Kaiser HMO	605.05	1,210.10	1,573.13	297.23	594.46	957.49
United Healthcare Alliance HMO	493.99	987.98	1,284.37	320.98	641.96	938.35
PERS Choice PPO	683.71	1,367.42	1,777.65	366.38	732.76	1,142.99
PERS Select PPO	625.20	1,250.40	1,625.52	366.38	732.76	1,107.88
PERS Care PPO	761.50	1,523.00	1,979.90	408.04	816.08	1,272.98
PORAC (PPO) Safety Only	699.00	1,399.00	1,789.00	442.00	881.00	1,271.00

**3. Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The ARC unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period of the unfunded actuarial liability is 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

(Dollar amounts in thousands)	<b>PMA</b>	<b>FBA</b>	<b>FMA</b>	<b>SEIU</b>	<b>SAMA</b>	<b>CASA</b>	<b>Total PEMHCA</b>
<b>PEMHCA</b>							
Annual required contribution	\$ 165	\$ 223	\$ 24	\$ 1,675	\$ 255	\$ 141	\$ 2,483
Interest on net OPEB obligation	16	73	2	240	29	24	384
Adjustment to annual required contribution	(16)	(73)	(2)	(239)	(29)	(23)	(382)
Annual OPEB cost (expense)	<u>165</u>	<u>223</u>	<u>24</u>	<u>1,676</u>	<u>255</u>	<u>142</u>	<u>2,485</u>
Contribution made	(131)	(332)	(577)	(335)	(58)	(53)	(1,486)
Increase (decrease) in net OPEB obligation	34	(109)	(553)	1,341	197	89	999
Net OPEB obligation - beginning of year	392	1,829	59	6,014	738	589	9,621
Net OPEB obligation - end of year	<u>\$ 426</u>	<u>\$ 1,720</u>	<u>\$ (494)</u>	<u>\$ 7,355</u>	<u>\$ 935</u>	<u>\$ 678</u>	<u>\$ 10,620</u>

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**G. Retirement Health Benefits (Continued)**

(Dollar amounts in thousands)

<b>SUBSIDY PLAN</b>	<b>SEIU</b>
Annual required contribution	\$ -
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>(6,082)</u>
Annual OPEB cost (expense)	(6,082)
Contribution made	<u>-</u>
Increase (decrease) in net OPEB obligation	(6,082)
Net OPEB obligation - beginning of year	<u>6,082</u>
Net OPEB obligation - end of year	<u>\$ -</u>

(Dollar amounts in thousands)

<b>TOTAL OPEB</b>	<b>PEMHCA</b>	<b>Subsidy Plan</b>	<b>Total OPEB</b>
Annual required contribution	\$ 2,483	\$ -	\$ 2,483
Interest on net OPEB obligation	384	-	384
Adjustment to annual required contribution	<u>(382)</u>	<u>(6,082)</u>	<u>(6,464)</u>
Annual OPEB cost (expense)	2,485	(6,082)	(3,597)
Contribution made	<u>(1,486)</u>	<u>-</u>	<u>(1,486)</u>
Increase (decrease) in net OPEB obligation	<u>999</u>	<u>(6,082)</u>	<u>(5,083)</u>
Net OPEB obligation - beginning of year	<u>9,621</u>	<u>6,082</u>	<u>15,703</u>
Net OPEB obligation - end of year	<u>\$ 10,620</u>	<u>\$ -</u>	<u>\$ 10,620</u>

The required contribution was determined as part of the June 30, 2016 actuarial valuation. The actuarial assumptions for PEMHCA included (a) 4.0% investment rate of return, not pre-funded, assets in City investment fund, (b) projected annual salary aggregate increases 3.25% and an assumed wage inflation component of 3.0%. The actuarial accrued liability (AAL) and normal cost is under the entry age normal cost method. The Health Care Cost Trend Rate implicitly considers estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of plan participants as follows: 7.5% in the second year, reduced by decrements of 0.5% per year to an ultimate rate of 4.5% after the eighth year and thereafter. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**G. Retirement Health Benefits (Continued)**

(Dollar amounts in thousands):

	Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
PMA	06/30/14	11 (1)	200.0%	338
FBA	06/30/14	191 (2)	61.8%	1,759
FMA	06/30/14	2 (2)	100.0%	58
SEIU	06/30/14	1,737	42.8%	11,092
SAMA	06/30/14	364	39.6%	1,623
CASA	06/30/14	251	26.3%	1,394
Total		<u>\$ 2,556</u>	<u>42.8%</u>	<u>\$ 16,264</u>
PMA	06/30/15	80 (1)	32.5%	392
FBA	06/30/15	193 (2)	63.7%	1,829
FMA	06/30/15	2 (2)	50.0%	59
SEIU	06/30/15	1,805	44.4%	12,096
SAMA	06/30/15	(838) (3)	-5.6%	738
CASA	06/30/15	(794) (3)	-1.4%	589
Total		<u>\$ 448</u>	<u>43.7%</u>	<u>\$ 15,703</u>
PMA	06/30/16	165 (1)	79.4%	426
FBA	06/30/16	223 (2)	148.9%	1,720
FMA	06/30/16	24 (2)	2404.2%	(494)
SEIU	06/30/16	1,676 (4)	20.0%	7,355
SAMA	06/30/16	255 (3)	22.7%	935
CASA	06/30/16	142 (3)	37.3%	678
Total		<u>\$ 2,485</u>	<u>59.8%</u>	<u>\$ 10,620</u>

(1) On July 1, 2012, PMA established a Retiree Health Saving Plan with ICMA-RC which caused the subsidy plan to terminate.

(2) On April 20, 2012, the City contracted with the Orange County Fire Authority to outsource firefighting and related services which caused the subsidy plan to terminate.

(3) On October 1, 2014, SAMA and CASA established a Retiree Health Saving Plan with ICMA-RC which caused the subsidy plan to terminate.

(4) On January 1, 2016, SEIU established a Retiree Health Saving Plan with ICMA-RC which caused the subsidy plan to terminate.



**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**G. Retirement Health Benefits (Continued)**

Funded Status as of June 30, 2016 was as follows (Dollar amounts in thousands):

		(a) Entry Age Normal	(b) Actuarial Value of Assets	(a)-(b)=(c) Unfunded Actuarial Accrued Liability (UAAL)	(b)/(a) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL As a % of Covered Payroll
Actuarial Valuation Date		Actuarial Accrued Liability (AAL)					
PMA	06/30/16	\$ 2,779 (1)	\$ -	\$ 2,779	0%	\$ 3,533	78.7%
FBA	06/30/16	5,489 (2)	-	5,489	0%	-	0.0%
FMA	06/30/16	51 (1)	-	51	0%	-	0.0%
SEIU	06/30/16	25,222 (4)	-	25,222	0%	30,992	81.4%
SAMA	06/30/16	3,931 (3)	-	3,931	0%	7,699	51.1%
CASA	06/30/16	1,816 (3)	-	1,816	0%	3,678	49.4%
Total		<u>\$ 39,288</u>	<u>\$ -</u>	<u>\$ 39,288</u>	<u>0%</u>	<u>\$ 45,902</u>	<u>85.6%</u>

(1) On July 1, 2012, PMA established a Retiree Health Saving Plan with ICMA-RC which caused the subsidy plan to terminate.

(2) On April 20, 2012, the City contracted with the Orange County Fire Authority to outsource firefighting and related services which caused the subsidy plan to terminate.

(3) On October 1, 2014, SAMA and CASA established a Retiree Health Saving Plan with ICMA-RC which caused the subsidy plan to terminate.

(4) On January 1, 2016, SEIU established a Retiree Health Saving Plan with ICMA-RC which caused the subsidy plan to terminate.

The Schedule of Funding Progress presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for the benefits.

**H. Fund Balances and Net Position Classification**

On June 4, 2012, the City Council approved the City's Budget and Financial Policies (Policy). The Policy was developed as a tool to guide for how the City should respond and/or prepare for an economic downturn. As a result, the City established both an Economic Uncertainty Reserve account and an amount to maintain as a General Fund Operating Reserve in the event of loss of revenues and/or increase in expenditures as a result of a market downturn. Furthermore, the City has also established other Stability Accounts for Pension plan and Jail revenues, as a mechanism to augment key revenue or expenditure accounts.

**CITY OF SANTA ANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**H. Fund Balance and Net Position Classification (Continued)**

The City's fund balances at June 30, 2016 consisted of the following:

	Special Revenue Funds			Capital Projects Funds			Debt Service SAFA	Nonmajor Governmental Funds	Total
	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax	Housing Successor Agency	Capital Projects Street Construction			
<b>Nonspendable:</b>									
Prepaid Items	\$ -	\$ -	\$ 15,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,961
<b>Total Nonspendable</b>	-	-	15,961	-	-	-	-	-	15,961
<b>Restricted:</b>									
Debt service	-	-	-	-	-	-	43,343	-	43,343
Public safety 800 MHz project	954,954	-	-	-	-	-	-	-	954,954
Public safety grants	-	6,171,473	-	-	-	-	-	-	6,171,473
Housing & urban development	-	3,561,602	3,519,193	-	41,789,824	-	-	5,476,283	54,346,902
Library services	-	18,907	-	-	-	-	-	-	18,907
Recreation services	-	74,334	-	-	-	-	-	-	74,334
Street capital improvement projects	-	-	-	17,343,044	-	43,759,717	-	-	61,102,761
Drainage construction	-	-	-	-	-	-	-	3,585,676	3,585,676
Inmate welfare	-	-	-	-	-	-	-	116,871	116,871
Sewer system maintenance	-	-	-	-	-	-	-	8,963,591	8,963,591
Air quality improvements	-	-	-	-	-	-	-	617,510	617,510
Park acquisition & development	-	-	-	-	-	-	-	8,155,228	8,155,228
Community development capital projects	-	-	-	-	-	-	-	4,692,582	4,692,582
Advance to private-purpose trust fund	-	-	-	-	4,751,291	-	-	-	4,751,291
Pension stability funds	500,008	-	-	-	-	-	-	-	500,008
<b>Total restricted</b>	1,454,962	9,826,316	3,519,193	17,343,044	46,541,115	43,759,717	43,343	31,607,741	154,095,431
<b>Assigned:</b>									
Contractual obligations	692,623	-	-	-	-	-	-	-	692,623
Surplus Allocation FY 14-15:									
Equipment & system upgrades	3,649,502	-	-	-	-	-	-	-	3,649,502
Capital improvement projects	3,526,531	-	-	-	-	-	-	-	3,526,531
General Plan updates	996,854	-	-	-	-	-	-	-	996,854
Homelessness/Communications	456,306	-	-	-	-	-	-	-	456,306
City-wide placemaking & branding	300,000	-	-	-	-	-	-	-	300,000
Surplus Allocation FY 15-16:									
City support services	3,588,082	-	-	-	-	-	-	-	3,588,082
Public safety 800 MHz project	1,412,872	-	-	-	-	-	-	-	1,412,872
Public safety programs & projects	4,099,046	-	-	-	-	-	-	-	4,099,046
Strategic Plan - various city projects	1,535,758	-	-	-	-	-	-	-	1,535,758
Continuing projects:									
Compliance study	250,000	-	-	-	-	-	-	-	250,000
Public safety equipment	153,700	-	-	-	-	-	-	-	153,700
Parks & Rec maintenance	139,000	-	-	-	-	-	-	-	139,000
Planning & Building receivership program	100,000	-	-	-	-	-	-	-	100,000
Various other City projects	127,345	-	-	-	-	-	-	-	127,345
Assigned Programs FY16-17:									
Economic development projects	2,000,000	-	-	-	-	-	-	-	2,000,000
Public Safety programs	2,050,000	-	-	-	-	-	-	-	2,050,000
Jail stability	1,000,000	-	-	-	-	-	-	-	1,000,000
Pension stability	500,000	-	-	-	-	-	-	-	500,000
Community engagement projects	500,000	-	-	-	-	-	-	-	500,000
<b>Total assigned</b>	27,077,619	-	-	-	-	-	-	-	27,077,619
<b>Unassigned:</b>									
General Fund									
Operating Reserve	42,397,974	-	-	-	-	-	-	-	42,397,974
Economic Uncertainty Reserve	3,845,592	-	-	-	-	-	-	-	3,845,592
Unallocated Amount	2,151,297	-	-	-	-	-	-	-	2,151,297
Special Revenue Funds	-	(369,569)	-	-	-	-	-	(551,641)	(921,210)
Capital Projects Funds	-	-	-	-	-	-	-	(887,902)	(887,902)
<b>Total unassigned</b>	48,394,863	(369,569)	-	-	-	-	-	(1,439,543)	46,585,751
<b>Total</b>	\$ 76,927,444	\$ 9,456,747	\$ 3,535,154	\$ 17,343,044	\$ 46,541,115	\$ 43,759,717	\$ 43,343	\$ 30,168,198	\$ 227,774,762

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

**NOTE 5. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS**

Restatement of the Government-Wide Financial Statements' net position as of July 1, 2015 was as follows:

	Governmental Activities
Net position at July 1, 2015, as originally reported	\$ 666,428,900
Reclassification of long-term loans receivable from deferred inflows of resources, unavailable revenue, to an allowance for uncollectible accounts or due to other governmental agencies - removal of revenue previously recognized in government-wide financial statements.	(82,180,599)
Reclassification of amounts held with the State Condemnation Funds from fund balance to cash and investments with fiscal agents and adjustments to grant advances associated with the State Condemnation Funds.	861,761
Reduction of land held for resale to record a property sold in prior fiscal year.	(2,685,541)
Increase of intergovernmental revenue due to accrual of gas tax received within revenue accrual period for fiscal year 2014-15.	852,460
Net position at July 1, 2015, as restated	\$ 583,276,981

Restatement of the Governmental Funds fund balance as of July 1, 2015 was as follows:

	Special Revenue Grants	Special Revenue Gas Tax	Capital Projects Housing Successor Agency	Capital Projects Street Construction
Net position at July 1, 2015, as originally reported	\$ 9,919,439	\$ 22,174,226	\$ 19,376,178	\$ 44,211,159
Reclassification of long-term loans receivable from deferred inflows of resources, unavailable revenue, to an allowance for uncollectible accounts or due to other governmental agencies.	1,278,133	-	29,238,938	-
Reclassification of amounts held with the State Condemnation Funds from fund balance to cash and investments with fiscal agents and adjustments to grant advances associated with the State Condemnation Funds.	-	-	-	861,761
Reduction of land held for resale to record a property sold in prior fiscal year.	-	-	-	(2,685,541)
Increase of intergovernmental revenue due to accrual of gas tax received within revenue accrual period for fiscal year 2014-15.	-	852,460	-	-
Net position at July 1, 2015, as restated	\$ 11,197,572	\$ 23,026,686	\$ 48,615,116	\$ 42,387,379

**CITY OF SANTA ANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2016**

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**NOTE 5. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS (CONTINUED):**

Fund Financial Statements – Capital Projects Funds

During the fiscal year ended June 30, 2016, the City determined that certain capital projects which were previously reported in the General Fund were most appropriately reported in a Capital Projects Fund to allow for accountability of capital improvement projects and consistency in financial reporting. Therefore, the City established a Community Development Capital Projects Fund. The total net effect of this change on the beginning assigned fund balance of the General Fund was a reduction of \$4.9 million. Beginning fund balance of the newly established Capital Projects Fund is equal to this amount.

**NOTE 6. SUBSEQUENT EVENTS**

Warner Industrial Community Assessment District

On July 1, 2016, the City issued Assessment District No. 2015-01 (Warner Industrial Community) Limited Obligation Improvement Bonds for \$1.6 million on behalf of the property owners, pursuant to provisions of the Improvement Bond Act of 1915. The proceeds of the bonds will be used to finance certain infrastructure improvements within the assessment district, pay the costs of issuing the bonds and certain administrative expenses, and fund a reserve fund for the bonds. The bonds are not a debt or a liability of the City. The City acts solely as an agent and is in no way liable for the Special Assessment debt.

CITY OF SANTA ANA, CALIFORNIA

# Required Supplementary Information

Required Supplementary  
Information





**General Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 126,326,500	\$ 126,326,500	\$ 124,238,920	\$ (2,087,580)
License and permits	4,784,085	4,784,085	4,729,690	(54,395)
Intergovernmental	48,446,558	48,452,569	50,997,487	2,544,918
Charges for services	10,502,855	10,501,855	10,757,091	255,236
Fines and forfeits	5,666,500	5,666,500	5,449,856	(216,644)
Investment income	611,580	611,580	1,414,914	803,334
Cost recoveries and donations	13,216,690	13,366,690	13,093,550	(273,140)
Rental income	18,189,665	18,189,665	13,774,498	(4,415,167)
Miscellaneous	168,010	168,010	105,050	(62,960)
Total revenues	227,912,443	228,067,454	224,561,056	(3,506,398)
Expenditures:				
Current:				
General Government:				
City Council	371,915	371,915	347,451	24,464
Clerk of the Council	795,574	795,574	747,641	47,933
City Attorney	2,411,292	2,666,292	2,719,703	(53,411)
City Manager	2,090,116	2,093,352	1,902,189	191,163
Nondepartmental	3,928,025	9,442,195	4,079,923	5,362,272
Total General Government	9,596,922	15,369,328	9,796,907	5,572,421
Human Resources	1,178,298	1,179,028	1,181,123	(2,095)
Finance and Management Services	4,319,675	4,973,075	3,984,334	988,741
Museum	1,474,840	1,474,840	1,474,616	224
Library	3,491,443	3,453,138	3,234,190	218,948
Recreation and Community Services	17,915,800	18,262,630	15,556,098	2,706,532
Police Department	119,912,414	120,698,978	108,859,309	11,839,669
Fire Department	41,658,540	41,658,688	41,482,079	176,609
Planning and Building	8,658,309	9,564,257	8,497,671	1,066,586
Public Works	6,258,810	7,474,628	5,700,647	1,773,981
Community Development	2,822,565	2,493,185	1,382,543	1,110,642
	207,690,694	211,232,447	191,352,610	19,879,837
Capital Outlay	2,465,320	6,724,372	1,718,202	5,006,170
Debt Service:				
Principal retirement	726,105	726,105	434,103	292,002
Interest and fiscal charges	202,920	202,920	200,312	2,608
Total expenditures	220,681,961	234,255,172	203,502,134	30,753,038
Excess (deficiency) of revenues over (under) expenditures	7,230,482	(6,187,718)	21,058,922	27,246,640
Other financing sources (uses):				
Transfers out	(10,611,701)	(11,030,701)	(11,030,700)	1
Total other financing sources (uses)	(10,611,701)	(11,030,701)	(11,030,700)	1
Net change in fund balances	(3,381,219)	(17,218,419)	10,028,222	27,246,641
Fund balance - beginning as restated	66,899,222	66,899,222	66,899,222	-
Fund balance - ending	\$ 63,518,003	\$ 49,680,803	\$ 76,927,444	\$ 27,246,641

See accompanying Notes to Required Supplementary Information.

**Special Revenue Housing Authority Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 32,643,175	\$ 32,746,962	\$ 30,959,432	\$ (1,787,530)
Investment income	16,000	16,000	37,627	21,627
Cost recoveries	20,000	20,000	43,854	23,854
Miscellaneous	115,000	115,000	126,832	11,832
Total revenues	<u>32,794,175</u>	<u>32,897,962</u>	<u>31,167,745</u>	<u>(1,730,217)</u>
<b>Expenditures:</b>				
Current:				
Community development	<u>33,275,005</u>	<u>33,491,254</u>	<u>31,276,547</u>	<u>2,214,707</u>
Total expenditures	<u>33,275,005</u>	<u>33,491,254</u>	<u>31,276,547</u>	<u>2,214,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(480,830)</u>	<u>(593,292)</u>	<u>(108,802)</u>	<u>484,490</u>
Net change in fund balance	(480,830)	(593,292)	(108,802)	484,490
Fund balance - beginning	<u>3,643,956</u>	<u>3,643,956</u>	<u>3,643,956</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,163,126</u>	<u>\$ 3,050,664</u>	<u>\$ 3,535,154</u>	<u>\$ 484,490</u>

See accompanying Notes to Required Supplementary Information.



**Special Revenue Gas Tax Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 7,527,406	\$ 7,527,406	\$ 6,948,645	\$ (578,761)
Investment income	-	103,830	327,947	224,117
Cost recoveries	-	-	681	681
Total revenues	<u>7,527,406</u>	<u>7,631,236</u>	<u>7,277,273</u>	<u>(353,963)</u>
<b>Expenditures:</b>				
Current:				
Public works	3,324,726	3,474,781	2,747,987	726,794
Debt Service:				
Principal retirement	1,325,000	1,325,000	1,380,000	(55,000)
Interest and fiscal charges	<u>2,857,680</u>	<u>2,857,680</u>	<u>2,794,681</u>	<u>62,999</u>
Total expenditures	<u>7,507,406</u>	<u>7,657,461</u>	<u>6,922,668</u>	<u>734,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,000</u>	<u>(26,225)</u>	<u>354,605</u>	<u>380,830</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(20,000)</u>	<u>(6,090,264)</u>	<u>(6,038,247)</u>	<u>52,017</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(6,090,264)</u>	<u>(6,038,247)</u>	<u>52,017</u>
Net change in fund balance	-	(6,116,489)	(5,683,642)	432,847
Fund balance - beginning, as restated	<u>23,026,686</u>	<u>23,026,686</u>	<u>23,026,686</u>	-
Fund balance - ending	<u>\$ 23,026,686</u>	<u>\$ 16,910,197</u>	<u>\$ 17,343,044</u>	<u>\$ 432,847</u>

See accompanying Notes to Required Supplementary Information.

**CITY OF SANTA ANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2016**

**A. BUDGETARY INFORMATION**

The City and its component units' fiscal year begins on July 1 of each year and ends June 30 the following year. On or before the fifteenth of June of each year, the City Manager recommends and submits to the City Council a proposed budget for the next ensuing fiscal year based on a detailed financial plan prepared by the heads of the various offices, agencies and departments of the City and its component units. Upon receipt of the proposed budget, the Council holds a public hearing wherein the public is given an opportunity to be heard, after which the Council may make any revisions deemed advisable. After the conclusion of the public hearing, the Council may make modifications with the affirmative vote of at least a majority of its members. On or before the thirty-first day of July, the City Council adopts the budget as amended by the affirmative vote of at least a majority of its members. Upon final adoption, the budget is in effect for the ensuing fiscal year and becomes the authority for the various offices, agencies, and departments to expend subject to controls established by the City Charter. At any meeting after the adoption of the budget, the City Council may amend or supplement the budget by affirmative vote of at least two-thirds of the members so as to authorize the transfer of unused balances appropriated for one purpose to another purpose, or to appropriate available revenue not included in the budget. Where appropriations are made to offices, departments, or agencies for more than one activity or program, "appropriations" are considered in the aggregate with respect to total expenditures authorized for that office, department or agency within each fund, limited to purposes for which the revenues of such funds are to be spent. The City Manager is authorized to make revisions among the items included in such appropriations if, in his opinion, such revisions are necessary and proper. Budgetary control exists at the department level. Council action is necessary for transfers between departments/agencies or transfers between funds. During the fiscal year, all budget and supplemental amendments were necessary and made in a legally permissible manner.

The City legally adopts annual budgets for the General Fund, Proprietary Funds, and certain Special Revenue Funds including Gas Tax, Housing Authority, Sewer Connection Fee, Civic Center Maintenance, Inmate Welfare, and Air Quality Improvement. The budgetary control for the Special Revenue Funds is under the department in charge. The Public Works Agency is responsible for the budget of the Gas Tax and Sewer Connection Fee funds. The Recreation and Community Services Agency is responsible for the Civic Center Maintenance fund. Housing Authority fund is managed by the Community Development Agency. Air Quality Improvement fund is managed by the Finance and Management Services Agency. The Police Department is responsible for the budget of the Inmate Welfare fund. In addition, project and grant-length budgets are approved for the Special Revenue Grants Fund and Capital Projects Funds as a planning device and for financial and management control purposes, but are not required to be legally adopted by the City Council. Monthly budgetary reports are prepared to effect control through fiscal management. Furthermore, although budgets are legally adopted for the Proprietary Funds of the City, there is no legal requirement for the fiscal year results to be reported to City Council. Therefore, no budgetary reporting for the Proprietary Funds has been presented in the accompanying financial statements. The City Council approved supplemental appropriations during the year in the General Fund and in other funds, but they were not considered material.

**CITY OF SANTA ANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
(CONTINUED)**

**For the Year Ended June 30, 2016**

**A. BUDGETARY INFORMATION (CONTINUED):**

Budgets are prepared on a modified accrual basis. Encumbrances (e.g. purchase orders, contracts) outstanding at year-end are reported as restricted or assigned fund balances since they do not constitute expenditures or liabilities. The capital projects and grant-length appropriations are an automatic supplemental appropriation for the new fiscal year for the unexpended balance. All other annual appropriations lapse at fiscal year-end to the extent that they have not been expended or lawfully encumbered. Expenditures may not legally exceed appropriations at the departmental level in the governmental funds, except that certain Special Revenue Funds and Capital Projects Funds are maintained at the project level.

Budgetary Compliance. The total expenditures/expenses were within the legal prescribed limits as approved by the City Council.

**CITY OF SANTA ANA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(CONTINUED)**

**For the Year Ended June 30, 2016**

**An Agent Multiple-Employer Defined Benefit Pension Plan**  
**Miscellaneous and Safety Plans**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Ten Fiscal Years <sup>(1)</sup>**

	<u>Measurement Period 2014-15</u>		<u>Measurement Period 2013-14</u>	
	<u>Fiscal Year 2015-16</u>		<u>Fiscal Year 2014-15</u>	
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 9,672,344	\$ 10,747,904	\$ 10,195,939	\$ 11,422,391
Interest on the total pension liability	56,329,663	72,730,571	54,166,684	70,618,409
Changes of Benefit Terms	-	-	-	-
Differences between expected and actual experience	(900,398)	(955,751)	-	-
Changes in assumptions	(13,889,017)	(17,407,256)	-	-
Benefit payments, including refunds of employee contributions	(36,302,165)	(56,211,627)	(34,094,639)	(52,174,231)
Net Change in Total Pension Liability	14,910,427	8,903,841	30,267,984	29,866,569
Total Pension Liability - Beginning	764,439,780	991,821,281	734,171,796	961,954,712
Total Pension Liability - Ending (a)	<u>\$ 779,350,207</u>	<u>\$ 1,000,725,122</u>	<u>\$ 764,439,780</u>	<u>\$ 991,821,281</u>
<b>PLAN FIDUCIARY NET POSITION</b>				
Plan to Plan Resource Movement	\$ 63	\$ -	\$ -	\$ -
Contribution from the employer	14,336,768	15,096,410	12,836,905	11,118,596
Contribution from the employee	4,982,824	3,829,695	5,076,392	3,758,344
Net investment income <sup>(2)</sup>	12,722,834	17,008,914	85,824,721	117,187,596
Benefit payments, including refunds of employee contributions	(36,302,165)	(56,211,627)	(34,094,639)	(52,174,231)
Administrative expenses	(635,613)	(843,530)	-	-
Net change in Fiduciary Net position	(4,895,289)	(21,120,138)	69,643,379	79,890,305
Plan Fiduciary Net Position - Beginning	569,718,554	770,324,360	500,075,175	690,434,055
Plan Fiduciary Net Position - Ending (b)	<u>\$ 564,823,265</u>	<u>\$ 749,204,222</u>	<u>\$ 569,718,554</u>	<u>\$ 770,324,360</u>
Plan Net Pension Liability/(Asset) Ending (a) - (b)	<u>\$ 214,526,942</u>	<u>\$ 251,520,900</u>	<u>\$ 194,721,226</u>	<u>\$ 221,496,921</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.47%	74.87%	74.53%	77.67%
Covered payroll	\$ 56,516,698	\$ 35,219,117	\$ 57,613,942	\$ 37,782,453
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	379.58%	714.16%	337.98%	586.24%

(1) Historical information is required only for measurement period for which GASB 68 is applicable. Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

**Notes to Schedule:**

**Benefit Changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes of Assumptions:** The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

**CITY OF SANTA ANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
(CONTINUED)**

**For the Year Ended June 30, 2016**

**An Agent Multiple-Employer Defined Benefit Pension Plan  
Miscellaneous and Safety Plans  
Schedule of Plan Contributions  
Last Ten Fiscal Years <sup>(1)</sup>**

	<u>Fiscal Year 2015-16</u>		<u>Fiscal Year 2014-15</u>	
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>
Actuarially Determined Contribution	\$ 16,941,372	\$ 17,016,579	\$ 14,518,009	\$ 14,690,045
Contributions in Relation to the Actuarially Determined Contribution	<u>(16,941,372)</u>	<u>(17,016,579)</u>	<u>(14,518,009)</u>	<u>(14,690,045)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 59,422,561	\$ 36,571,199	\$ 56,516,698	\$ 35,219,117
Contributions as a Percentage of Covered Payroll	28.51%	46.53%	25.69%	41.71%

(1) Historical information is required only for measurement period for which GASB 68 is applicable. Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

**Notes to Schedule:**

	<u>Fiscal Year 2015-16</u>		<u>Fiscal Year 2014-15</u>	
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2014	June 30, 2014	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:				
Discount Rate	7.65%	7.65%	7.5%	7.5%
Inflation	2.75%	2.75%	2.75%	2.75%
Projected Salary Increase	3.3% - 14.2% <sup>(1)</sup>	3.3% - 14.2% <sup>(1)</sup>	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.5% <sup>(2)</sup>	7.5% <sup>(2)</sup>	7.5% <sup>(2)</sup>	7.5% <sup>(2)</sup>
Mortality	(3)	(3)	(3)	(3)

(1) Depending on age, service and type of employment.

(2) Net of pension plan investment expenses, including inflation.

(3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

**CITY OF SANTA ANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
(CONTINUED)**

**For the Year Ended June 30, 2016**

**An Agent Multiple-Employer Defined Benefit  
Supplementary Retirement Plan  
Schedule of Changes in Net Pension Liability and Related Ratios  
Last Ten Fiscal Years <sup>(1)</sup>**

	Fiscal Year	
	2015-16 POA Supplementary Retirement	2014-15 POA Supplementary Retirement
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ -	\$ -
Interest on the total pension liability	74,810	85,299
Effect of plan changes	-	-
Effect of economic/demographic gains or losses	20,818	14,220
Effect of assumptions changes or input	558,088	118,428
Benefit payments	(118,011)	(115,697)
Net Change in Total Pension Liability	535,705	102,250
Total Pension Liability - Beginning	2,147,815	2,045,565
Total Pension Liability - Ending (a)	\$ 2,683,520	\$ 2,147,815
<b>PLAN FIDUCIARY NET POSITION</b>		
Employer Contributions	125,840	123,373
Member Contributions	-	-
Net investment income net of investment expenses	42	-
Benefit payments	(118,011)	(115,697)
Administrative expenses	(13,132)	(148)
Net change in Fiduciary Net position	(5,261)	7,528
Plan Fiduciary Net Position - Beginning	66,361	58,833
Plan Fiduciary Net Position - Ending (b)	\$ 61,100	\$ 66,361
Plan Net Pension Liability/(Asset) Ending (a) - (b)	\$ 2,622,420	\$ 2,081,454
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.28%	3.09%
Covered Employee Payroll	N/A	N/A
Plan Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	N/A	N/A

(1) Historical information is required only for measurement period for which GASB 68 is applicable. Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

**CITY OF SANTA ANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
(CONTINUED)**

**For the Year Ended June 30, 2016**

**An Agent Multiple-Employer Defined Benefit  
Supplementary Retirement Plan  
Schedule of Employer Contributions  
Last Ten Fiscal Years <sup>(1)</sup>**

Fiscal Year ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2012	\$ 135,306	\$ 123,769	\$ 11,537	N/A	N/A
2013	138,795	121,517	17,278	N/A	N/A
2014	142,599	120,954	21,645	N/A	N/A
2015	146,195	123,373	22,822	N/A	N/A
2016	165,862	125,840	40,022	N/A	N/A

(1) The City of Santa Ana implemented Supplementary Retirement Plan for POA retirees during the fiscal year ended June 30, 2012. Information prior to fiscal year 2012 is not available.

**Note to Supplementary Retirement Plan:**

	POA Supplementary Retirement Plan	
	Fiscal Year 2015-16	Fiscal Year 2014-15
Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2015
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal
Amortization Method:		
Level percent or level dollar	Level dollar	Level dollar
Closed, open, or layered periods	Closed	Closed
Amortization period at 6/30/16	16 years	17 years
Amortization growth rate	0.00%	0.00%
Asset Valuation Method:		
Smoothing period	None	None
Recognition method	None	None
Corridor	None	None
Actuarial Assumptions		
Inflation	0.00%	0.00%
Salary increases including inflation	None	None
Long-term investment rate of return	6.00%	6.00%
Cost of Living	2.00%	2.00%
Mortality	Males: RP-2000 Male Table projected to 2020 using Scale BB (as prescribed by PARS)  Females: RP-2000 Female Table projected to 2020 using Scale BB (as prescribed by PARS)	Males: 1983 GAM Males (as prescribed by PARS)  Females: 1983 GAM Females (as prescribed by PARS)

**CITY OF SANTA ANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
(CONTINUED)**

**For the Year Ended June 30, 2016**

**Required Supplementary Information  
OPEB Schedule of Funding Progress  
June 30, 2016**

		(a) Entry Age Normal Actuarial Accrued Liability (AAL)	(b) Actuarial Value of Assets	(a)-(b)=(c) Unfunded Actuarial Accrued Liability (UAAL)	(b)/(a) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL As a % of Covered Payroll
PMA	06/30/14	1,476,381 (1)	-	1,476,381	0%	2,586,852	0.0%
FBA	06/30/14	5,090,732 (2)	-	5,090,732	0%	-	0.0%
SEIU	06/30/14	27,905,547 (4)	-	27,905,547	0%	28,004,957	99.6%
FMA	06/30/14	43,891 (2)	-	43,891	0%	-	0.0%
SAMA	06/30/14	5,914,046 (3)	-	5,914,046	0%	4,217,748	140.2%
CASA	06/30/14	3,322,123 (3)	-	3,322,123	0%	3,156,072	105.3%
Total		\$ 43,752,720	-	\$ 43,752,720	0%	\$ 37,965,629	115.2%
PMA	06/30/15	1,535,258 (1)	-	1,535,258	0%	2,670,925	57.5%
FBA	06/30/15	5,171,573 (2)	-	5,171,573	0%	-	0.0%
SEIU	06/30/15	29,116,907	-	29,116,907	0%	28,915,118	100.7%
FMA	06/30/15	44,514 (2)	-	44,514	0%	-	0.0%
SAMA	06/30/15	2,464,891 (3)	-	2,464,891	0%	4,354,825	56.6%
CASA	06/30/15	1,012,257 (3)	-	1,012,257	0%	3,258,644	31.1%
Total		\$ 39,345,400	-	\$ 39,345,400	0%	\$ 39,199,512	100.4%
PMA	06/30/16	2,779,369 (1)	-	2,779,369	0%	3,532,888	78.7%
FBA	06/30/16	5,489,443 (2)	-	5,489,443	0%	-	0.0%
SEIU	06/30/16	25,221,825 (4)	-	25,221,825	0%	30,992,378	81.4%
FMA	06/30/16	51,071 (2)	-	51,071	0%	-	0.0%
SAMA	06/30/16	3,930,709 (3)	-	3,930,709	0%	7,699,254	51.1%
CASA	06/30/16	1,815,730 (3)	-	1,815,730	0%	3,677,703	49.4%
Total		\$ 39,288,147	-	\$ 39,288,147	0%	\$ 45,902,223	85.6%

(1) On July 1, 2012, PMA established a Retiree Health Saving Plan with ICMA-RC which caused the subsidy plan to terminate.

(2) On April 20, 2012, the City contracted with the Orange County Fire Authority to outsource firefighting and related services which caused the subsidy plan to terminate.

(3) On October 1, 2014, SAMA and CASA established a Retiree Health Saving Plan with ICMA-RC which caused the subsidy plan to terminate.

(4) On January 1, 2016, SEIU established a Retiree Health Saving Plan with ICMA-RC which caused the subsidy plan to terminate.



CITY OF SANTA ANA, CALIFORNIA

# Supplementary Schedules





**Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Total
<b>Assets</b>			
Cash and investments	\$ 9,711,581	\$ 21,990,297	\$ 31,701,878
Receivables:			
Interest	9,864	17,754	27,618
Accounts	-	404,507	404,507
Intergovernmental	887,819	468,172	1,355,991
Total assets	<u>10,609,264</u>	<u>\$ 22,880,730</u>	<u>33,489,994</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
Liabilities:			
Accounts payable	173,457	284,584	458,041
Retention payable	-	56,728	56,728
Due to other funds	401,657	1,094,302	1,495,959
Total liabilities	<u>575,114</u>	<u>1,435,614</u>	<u>2,010,728</u>
Deferred inflows of resources:			
Unavailable revenues	<u>887,819</u>	<u>423,249</u>	<u>1,311,068</u>
Fund balances:			
Restricted	9,697,972	21,909,769	31,607,741
Unassigned	<u>(551,641)</u>	<u>(887,902)</u>	<u>(1,439,543)</u>
Total fund balances	<u>9,146,331</u>	<u>21,021,867</u>	<u>30,168,198</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,609,264</u>	<u>\$ 22,880,730</u>	<u>\$ 33,489,994</u>

**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Total
<b>Revenues:</b>			
Taxes	\$ -	\$ 174,348	\$ 174,348
Intergovernmental	2,343,179	1,477,251	3,820,430
Charges for services	1,586,552	44,464	1,631,016
Investment income	158,916	166,432	325,348
Cost recoveries	296,531	2,834,719	3,131,250
Miscellaneous	-	3,373,504	3,373,504
Total revenues	<u>4,385,178</u>	<u>8,070,718</u>	<u>12,455,896</u>
<b>Expenditures:</b>			
Current:			
Human resources	149,372	-	149,372
Finance and management services	150,000	-	150,000
Recreation and community services	2,780,124	148,434	2,928,558
Police department	1,539,838	-	1,539,838
Planning and building	32,151	-	32,151
Public works	-	204,613	204,613
Community development	-	293,280	293,280
Capital outlay	<u>115,859</u>	<u>2,597,010</u>	<u>2,712,869</u>
Total expenditures	<u>4,767,344</u>	<u>3,243,337</u>	<u>8,010,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(382,166)</u>	<u>4,827,381</u>	<u>4,445,215</u>
<b>Other financing sources:</b>			
Transfers in	1,464,000	555,000	2,019,000
Transfers out	<u>-</u>	<u>(555,000)</u>	<u>(555,000)</u>
Total other financing sources	<u>1,464,000</u>	<u>-</u>	<u>1,464,000</u>
Net change in fund balances	1,081,834	4,827,381	5,909,215
Fund balances - beginning, as restated	<u>8,064,497</u>	<u>16,194,486</u>	<u>24,258,983</u>
Fund balances - ending	<u>\$ 9,146,331</u>	<u>\$ 21,021,867</u>	<u>\$ 30,168,198</u>

### **Nonmajor Special Revenue Funds**

The following Special Revenue Funds have been classified as nonmajor funds in the accompanying financial statements:

Sewer Connection Fee – This fund is used to account for the receipts and expenditures of sewer connection fees and the replacement and repair of existing undersized sewer system.

Civic Center Maintenance – This fund is used to account for the receipts and disbursement of funds for the cost of cleaning and maintaining the common areas in the Civic Center, Centennial Park and the City’s downtown area. Funding is provided jointly by the City and the County of Orange, except downtown which is provided exclusively by the City.

Inmate Welfare – This fund is used to account for the receipts and disbursement of funds received through donations, profits on the sale of commissary items and commissions for personal items purchased or services used by inmates of the Santa Ana Jail, as authorized by the State of California Penal Code Section 4025.

Air Quality Improvement – This fund is used to account for the receipt and disbursement of funds received under AB 2766 (Health and Safety Code Sections 44220 and 44247).

**Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2016**

	Sewer Connection Fee	Civic Center Maintenance
<b>Assets</b>		
Cash and investments	\$ 8,954,865	\$ -
Receivables:		
Interest	8,976	-
Intergovernmental	-	887,819
 Total assets	 8,963,841	 887,819
<b>Liabilities, deferred inflows of resources, and fund balances</b>		
<b>Liabilities:</b>		
Accounts payable	250	149,984
Due to other funds	-	401,657
Total liabilities	250	551,641
<b>Deferred inflows of resources:</b>		
Unavailable revenues	-	887,819
<b>Fund balances (deficit):</b>		
Restricted	8,963,591	-
Unassigned	-	(551,641)
Total fund balances (deficit)	8,963,591	(551,641)
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,963,841	\$ 887,819

**NONMAJOR SPECIAL REVENUE FUNDS**

	Air Quality Improvement	Total
Inmate Welfare		
\$ 130,375	\$ 626,341	\$ 9,711,581
120	768	9,864
-	-	887,819
130,495	627,109	10,609,264
13,624	9,599	173,457
-	-	401,657
13,624	9,599	575,114
-	-	887,819
116,871	617,510	9,697,972
-	-	(551,641)
116,871	617,510	9,146,331
\$ 130,495	\$ 627,109	\$ 10,609,264

**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2016**

	Sewer Connection Fee	Civic Center Maintenance	Inmate Welfare	Air Quality Improvement	Total
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ 2,032,725	\$ -	\$ 310,454	\$ 2,343,179
Charges for services	1,586,552	-	-	-	1,586,552
Investment income	150,925	-	926	7,065	158,916
Cost recoveries	-	-	293,506	3,025	296,531
	<u>1,737,477</u>	<u>2,032,725</u>	<u>294,432</u>	<u>320,544</u>	<u>4,385,178</u>
<b>Expenditures:</b>					
Current:					
Human resources	-	-	-	149,372	149,372
Finance and management services	-	-	-	150,000	150,000
Recreation and community services	-	2,780,124	-	-	2,780,124
Police department	-	1,336,285	203,553	-	1,539,838
Planning and building	-	-	-	32,151	32,151
Capital Outlay	49,469	-	-	66,390	115,859
	<u>49,469</u>	<u>4,116,409</u>	<u>203,553</u>	<u>397,913</u>	<u>4,767,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,688,008</u>	<u>(2,083,684)</u>	<u>90,879</u>	<u>(77,369)</u>	<u>(382,166)</u>
<b>Other financing sources:</b>					
Transfers in	-	1,464,000	-	-	1,464,000
Total other financing sources	-	1,464,000	-	-	1,464,000
Net change in fund balances	1,688,008	(619,684)	90,879	(77,369)	1,081,834
Fund balances - beginning	<u>7,275,583</u>	<u>68,043</u>	<u>25,992</u>	<u>694,879</u>	<u>8,064,497</u>
Fund balances (deficit) - ending	<u>\$ 8,963,591</u>	<u>\$ (551,641)</u>	<u>\$ 116,871</u>	<u>\$ 617,510</u>	<u>\$ 9,146,331</u>



**NONMAJOR SPECIAL REVENUE FUNDS**

**Nonmajor Special Revenue Funds  
Sewer Connection Fee  
Budgetary Comparison Schedule  
Year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 3,168,000	\$ 3,168,000	\$ 1,586,552	\$ (1,581,448)
Investment income	32,000	32,000	150,925	118,925
Total revenues	3,200,000	3,200,000	1,737,477	(1,462,523)
<b>Expenditures:</b>				
Current:				
Capital Outlay	3,200,000	3,200,000	49,469	3,150,531
Total expenditures	3,200,000	3,200,000	49,469	3,150,531
Excess (deficiency) of revenues over (under) expenditures	-	-	1,688,008	1,688,008
Net change in fund balance	-	-	1,688,008	1,688,008
Fund balance - beginning	7,275,583	7,275,583	7,275,583	-
Fund balance - ending	\$ 7,275,583	\$ 7,275,583	\$ 8,963,591	\$ 1,688,008

CITY OF SANTA ANA

**Nonmajor Special Revenue Funds  
Civic Center Maintenance  
Budgetary Comparison Schedule  
Year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 3,747,570	\$ 3,747,570	\$ 2,032,725	\$ (1,714,845)
Total revenues	<u>3,747,570</u>	<u>3,747,570</u>	<u>2,032,725</u>	<u>(1,714,845)</u>
<b>Expenditures:</b>				
Current:				
Recreation and community services	3,305,170	3,802,670	2,780,124	1,022,546
Police department	<u>1,487,400</u>	<u>1,487,400</u>	<u>1,336,285</u>	<u>151,115</u>
Total expenditures	<u>4,792,570</u>	<u>5,290,070</u>	<u>4,116,409</u>	<u>1,173,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,045,000)</u>	<u>(1,542,500)</u>	<u>(2,083,684)</u>	<u>(541,184)</u>
<b>Other financing sources:</b>				
Transfers in	<u>1,045,000</u>	<u>1,464,000</u>	<u>1,464,000</u>	<u>-</u>
Total other financing sources	<u>1,045,000</u>	<u>1,464,000</u>	<u>1,464,000</u>	<u>-</u>
Net change in fund balance	-	(78,500)	(619,684)	(541,184)
Fund balance - beginning	<u>68,043</u>	<u>68,043</u>	<u>68,043</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ 68,043</u>	<u>\$ (10,457)</u>	<u>\$ (551,641)</u>	<u>\$ (541,184)</u>

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds  
Inmate Welfare  
Budgetary Comparison Schedule  
Year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ 265	\$ 265	\$ 926	\$ 661
Cost recoveries	383,980	383,980	293,506	(90,474)
Total revenues	384,245	384,245	294,432	(89,813)
<b>Expenditures:</b>				
Current:				
Police department	424,115	432,811	203,553	229,258
Total expenditures	424,115	432,811	203,553	229,258
Excess (deficiency) of revenues over (under) expenditures	(39,870)	(48,566)	90,879	139,445
Net change in fund balance	(39,870)	(48,566)	90,879	139,445
Fund balance - beginning	25,992	25,992	25,992	-
Fund balance (deficit) - ending	\$ (13,878)	\$ (22,574)	\$ 116,871	\$ 139,445

**Nonmajor Special Revenue Funds**  
**Air Quality Improvement**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 414,000	\$ 414,000	\$ 310,454	\$ (103,546)
Investment income	300	300	7,065	6,765
Cost recoveries	1,850	1,850	3,025	1,175
Total revenues	<u>416,150</u>	<u>416,150</u>	<u>320,544</u>	<u>(95,606)</u>
<b>Expenditures:</b>				
Current:				
Human resources	308,475	308,475	149,372	159,103
Finance and management services	200,000	200,000	150,000	50,000
Planning and building	181,310	317,258	32,151	285,107
Capital Outlay	<u>326,365</u>	<u>326,365</u>	<u>66,390</u>	<u>259,975</u>
Total expenditures	<u>1,016,150</u>	<u>1,152,098</u>	<u>397,913</u>	<u>754,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(600,000)</u>	<u>(735,948)</u>	<u>(77,369)</u>	<u>658,579</u>
Net change in fund balance	(600,000)	(735,948)	(77,369)	658,579
Fund balance - beginning	<u>694,879</u>	<u>694,879</u>	<u>694,879</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ 94,879</u>	<u>\$ (41,069)</u>	<u>\$ 617,510</u>	<u>\$ 658,579</u>

## Nonmajor Capital Projects Funds

The following Capital Projects Funds have been classified as nonmajor in the accompanying financial statements:

Capital Grants – This is a combined report of various capital grants awarded to the City by Federal, State, and local governments not otherwise accounted for in the General and Special Revenue Funds.

Drainage Construction – This fund is used to account for the receipt and disbursements of funds received from developers in the form of drainage assessment fees to be used for storm drain construction.

Park Acquisitions & Development – This fund is used to account for the receipt and disbursement of funds received from developers in the form of development fees for use in park land acquisition and development.

Community Development – This fund accounts for the receipts and expenditures related to various Community Development capital improvement projects funded through one-time revenue sources.

Inclusionary Housing Fee – This fund is used to account for receipt from Developer fees and disbursement for planning (including but not limited to preparation of one of more elements of its general plan or for zoning improvements), conceptual design, final design, bid preparation, award of bid, property appraisal, property acquisition, relocation, lost goodwill, and/or construction of new or substantially rehabilitated existing affordable housing in the City.

**Nonmajor Capital Projects Funds  
Combining Balance Sheet  
June 30, 2016**

	Capital Grants	Drainage Construction
<b>Assets</b>		
Cash and investments	\$ 15,951	\$ 3,591,435
Receivables:		
Interest	16	3,652
Accounts	404,507	-
Intergovernmental	467,672	-
	<u>888,146</u>	<u>3,595,087</u>
Total assets		
<b>Liabilities, deferred inflows of resources, and fund balances</b>		
Liabilities:		
Accounts payable	248,985	9,411
Retention payable	10,012	-
Due to other funds	1,094,302	-
	<u>1,353,299</u>	<u>9,411</u>
Total liabilities		
Deferred inflows of resources:		
Unavailable revenues	422,749	-
	<u>422,749</u>	<u>-</u>
Fund balances (deficit):		
Restricted	-	3,585,676
Unassigned	(887,902)	-
	<u>(887,902)</u>	<u>3,585,676</u>
Total fund balances (deficit)		
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 888,146</u>	<u>\$ 3,595,087</u>

**NONMAJOR CAPITAL PROJECTS FUNDS**

Park Acquisitions & Development	Community Development	Inclusionary Housing Fee	Total
\$ 8,212,539	\$ 4,692,582	\$ 5,477,790	\$ 21,990,297
8,509	-	5,577	17,754
-	-	-	404,507
500	-	-	468,172
<u>8,221,548</u>	<u>4,692,582</u>	<u>5,483,367</u>	<u>22,880,730</u>
19,104	-	7,084	284,584
46,716	-	-	56,728
-	-	-	1,094,302
<u>65,820</u>	<u>-</u>	<u>7,084</u>	<u>1,435,614</u>
<u>500</u>	<u>-</u>	<u>-</u>	<u>423,249</u>
8,155,228	4,692,582	5,476,283	21,909,769
-	-	-	(887,902)
<u>8,155,228</u>	<u>4,692,582</u>	<u>5,476,283</u>	<u>21,021,867</u>
<u>\$ 8,221,548</u>	<u>\$ 4,692,582</u>	<u>\$ 5,483,367</u>	<u>\$ 22,880,730</u>

**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2016**

	Capital Grants	Drainage Construction
<b>Revenues:</b>		
Taxes	\$ -	\$ 174,348
Intergovernmental	1,477,251	-
Charges for services	-	-
Investment income	50	37,629
Cost recoveries	-	-
Miscellaneous	491,114	-
<b>Total revenues</b>	<b>1,968,415</b>	<b>211,977</b>
<b>Expenditures:</b>		
Current:		
Recreation and community services	133,644	-
Public Works	173,789	30,824
Community development	-	-
Capital outlay	1,863,289	607
<b>Total expenditures</b>	<b>2,170,722</b>	<b>31,431</b>
<b>Net change in fund balances</b>	<b>(202,307)</b>	<b>180,546</b>
<b>Other financing sources (uses):</b>		
Transfers in	-	-
Transfers out	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(202,307)</b>	<b>180,546</b>
Fund balances (deficit) - beginning, as restated	(685,595)	3,405,130
Fund balances (deficit) - ending	\$ (887,902)	\$ 3,585,676



**NONMAJOR CAPITAL PROJECTS FUNDS**

Park Acquisitions & Development	Community Development	Inclusionary Housing Fee	Total
\$ -	\$ -	\$ -	174,348
-	-	-	1,477,251
-	-	44,464	44,464
82,952	-	45,801	166,432
2,834,719	-	-	2,834,719
-	-	2,882,390	3,373,504
2,917,671	-	2,972,655	8,070,718
14,790	-	-	148,434
-	-	-	204,613
-	250,000	43,280	293,280
733,114	-	-	2,597,010
-	-	-	-
747,904	250,000	43,280	3,243,337
2,169,767	(250,000)	2,929,375	4,827,381
-	-	555,000	555,000
(555,000)	-	-	(555,000)
(555,000)	-	555,000	-
1,614,767	(250,000)	3,484,375	4,827,381
6,540,461	4,942,582	1,991,908	16,194,486
\$ 8,155,228	\$ 4,692,582	\$ 5,476,283	\$ 21,021,867



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## **Nonmajor Enterprise Funds**

Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. These funds use full accrual accounting.

The following Enterprise Funds have been classified as nonmajor in the accompanying financial statements:

Refuse Collections - For the provision of refuse collection services to the residential, commercial and industrial segments of the City.

Transportation Center - For the provision of a concentrated commuter-oriented transportation center for the region.

Federal Clean Water Protection - For the provision of storm drain systems operation and maintenance and pollution reduction under the National Pollutant Discharge Elimination permit issued by the Santa Ana Region of Water Quality Control Board.

**Nonmajor Enterprise Funds**  
**Combining Statement of Net Position**  
**June 30, 2016**

	Refuse Collections
<b>Assets:</b>	
Current assets:	
Cash and investments	\$ 6,529,698
Receivables:	
Interest	10,610
Accounts, net of allowances	2,023,693
Total current assets	<u>8,564,001</u>
Noncurrent assets:	
Capital assets:	
Land	-
Buildings	-
Improvements other than buildings	-
Parking structures	-
Construction in progress	26,992
Less accumulated depreciation	-
Total capital assets	<u>26,992</u>
Total noncurrent assets	<u>26,992</u>
Total assets	<u>8,590,993</u>
<b>Deferred outflows of resources:</b>	
Deferred amounts on pension plans	36,743
Total deferred outflows of resources	<u>36,743</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	36,733
Retention payable	-
Due to other funds	-
Compensated absences payable	-
Grant advances	464,793
Deposits payable	-
Total current liabilities	<u>501,526</u>
Noncurrent liabilities:	
Compensated absences payable	-
Postemployment benefits obligation	24,257
Net pension liability	465,224
Total noncurrent liabilities	<u>489,481</u>
Total liabilities	<u>991,007</u>
<b>Deferred inflows of resources:</b>	
Deferred amounts on pension plans	29,821
<b>Net position:</b>	
Net investment in capital assets	26,992
Restricted for:	
National Pollution Discharge Elimination System	-
Unrestricted	7,579,916
Total net position	<u>\$ 7,606,908</u>

NONMAJOR ENTERPRISE FUNDS

Transportation Center	Federal Clean Water Protection	Total
\$ -	\$ 5,073,595	\$ 11,603,293
-	9,410	20,020
18,622	146,339	2,188,654
<u>18,622</u>	<u>5,229,344</u>	<u>13,811,967</u>
3,792,491	-	3,792,491
8,607,909	-	8,607,909
3,649,549	547,015	4,196,564
4,817,296	-	4,817,296
-	52,029	79,021
(11,361,108)	(216,527)	(11,577,635)
<u>9,506,137</u>	<u>382,517</u>	<u>9,915,646</u>
<u>9,506,137</u>	<u>382,517</u>	<u>9,915,646</u>
<u>9,524,759</u>	<u>5,611,861</u>	<u>23,727,613</u>
-	157,611	194,354
-	157,611	194,354
57,289	314,360	408,382
-	1,594	1,594
139,603	-	139,603
-	2,497	2,497
-	-	464,793
11,000	-	11,000
<u>207,892</u>	<u>318,451</u>	<u>1,027,869</u>
-	7,490	7,490
1,574	80,281	106,112
-	1,995,814	2,461,038
<u>1,574</u>	<u>2,083,585</u>	<u>2,574,640</u>
<u>209,466</u>	<u>2,402,036</u>	<u>3,602,509</u>
-	127,922	157,743
9,506,137	380,923	9,914,052
-	2,858,591	2,858,591
(190,844)	-	7,389,072
<u>\$ 9,315,293</u>	<u>\$ 3,239,514</u>	<u>\$ 20,161,715</u>

**Nonmajor Enterprise Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Year ended June 30, 2016**

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	<u>Refuse Collections</u>
Operating revenues:	
Charges for services	\$ 18,230,163
Miscellaneous	-
Total operating revenues	<u>18,230,163</u>
Operating expenses:	
Personnel services	136,277
Contractual services	8,408,274
Materials and supplies	2,085
Administrative charges	7,916,403
Depreciation	-
Total operating expenses	<u>16,463,039</u>
Operating income (loss)	<u>1,767,124</u>
Nonoperating revenues (expenses):	
Investment earnings	62,154
Loss on disposal of capital assets	-
Total nonoperating revenues (expenses)	<u>62,154</u>
Income (loss) before transfers	1,829,278
Transfers in	-
Transfers out	<u>(971,027)</u>
Change in net position	<u>858,251</u>
Net position - beginning	<u>6,748,657</u>
Net position - ending	<u><u>\$ 7,606,908</u></u>

**NONMAJOR ENTERPRISE FUND**

Transportation Center	Federal Clean Water Protection	Total
\$ 588,369	\$ 365,184	\$ 19,183,716
4,231	-	4,231
592,600	365,184	19,187,947
-	665,115	801,392
744,963	1,805,747	10,958,984
6,231	-	8,316
63,758	294,771	8,274,932
430,262	27,351	457,613
1,245,214	2,792,984	20,501,237
(652,614)	(2,427,800)	(1,313,290)
65	56,439	118,658
-	(84,834)	(84,834)
65	(28,395)	33,824
(652,549)	(2,456,195)	(1,279,466)
-	2,387,657	2,387,657
-	-	(971,027)
(652,549)	(68,538)	137,164
9,967,842	3,308,052	20,024,551
\$ 9,315,293	\$ 3,239,514	\$ 20,161,715

**Nonmajor Enterprise Funds  
Combining Statement of Cash Flows  
Year ended June 30, 2016**

	<u>Refuse Collections</u>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 18,156,808
Receipts from other operating sources	-
Payments to suppliers for goods and services	(16,419,455)
Payments to employees	<u>(254,542)</u>
Net cash provided (used) by operating activities	<u>1,482,811</u>
<b>Cash flows from noncapital financing activities:</b>	
Intergovernment contribution	182,744
Transfer in	-
Transfer out	<u>(971,027)</u>
Net cash provided (used) by noncapital financing activities	<u>(788,283)</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	<u>(26,992)</u>
Net cash used by capital and related financing activities	<u>(26,992)</u>
<b>Cash flows from investing activities:</b>	
Interest received	<u>59,875</u>
Net cash provided by investing activities	<u>59,875</u>
Net increase (decrease) in cash and cash equivalents	727,411
Cash and cash equivalents - beginning	<u>5,802,287</u>
Cash and cash equivalents - ending	<u>\$ 6,529,698</u>



Transportation Center	Federal Clean Water Protection	Total
\$ 583,845	\$ 384,629	\$ 19,125,282
4,231	-	4,231
(671,851)	(2,014,798)	(19,106,104)
-	(791,850)	(1,046,392)
<u>(83,775)</u>	<u>(2,422,019)</u>	<u>(1,022,983)</u>
-	-	182,744
-	2,387,657	2,387,657
-	-	(971,027)
<u>-</u>	<u>2,387,657</u>	<u>1,599,374</u>
-	(45,539)	(72,531)
-	(45,539)	(72,531)
<u>65</u>	<u>55,013</u>	<u>114,953</u>
<u>65</u>	<u>55,013</u>	<u>114,953</u>
(83,710)	(24,888)	618,813
<u>83,710</u>	<u>5,098,483</u>	<u>10,984,480</u>
\$ <u><u>-</u></u>	\$ <u><u>5,073,595</u></u>	\$ <u><u>11,603,293</u></u>

*Continued*

**Nonmajor Enterprise Funds  
 Combining Statement of Cash Flows  
 Year ended June 30, 2016**

		Refuse Collections
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$	1,767,124
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable		(73,355)
Decrease (increase) in deferred outflows from pension		(5,255)
Increase (decrease) in accounts payable		(92,693)
Increase (decrease) in compensated absences payable		(79,757)
Increase (decrease) in postemployment benefits obligation		(20,910)
Increase (decrease) in net pension liability		42,951
Increase (decrease) in deferred inflows from pension		(55,294)
Net cash provided (used) by operating activities	\$	1,482,811

Transportation Center	Federal Clean Water Protection	Total
\$ (652,614)	\$ (2,427,800)	\$ (1,313,290)
430,262	27,351	457,613
(4,524)	19,445	(58,434)
-	(22,545)	(27,800)
143,101	85,720	136,128
-	6,158	(73,599)
-	(57,397)	(78,307)
-	184,259	227,210
-	(237,210)	(292,504)
<u>\$ (83,775)</u>	<u>\$ (2,422,019)</u>	<u>\$ (1,022,983)</u>



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## Internal Service Funds

To account for the financing of goods or services provided by one department or agency of the City to other departments or agencies on a cost-reimbursement basis.

Central Services - For the provision of printing, duplicating, messenger and postal services.

Building Maintenance - For the provision of building maintenance, janitorial services and utilities to the City departments.

Equipment Maintenance and Replacement - For the provision of maintenance on, materials and supplies for, and replacement of, City vehicles and other gasoline or diesel-powered equipment.

Stores & Property Control - For the maintenance of a warehouse inventory of materials and supplies for all City departments.

Self-Insurance Fund - For the administration of the City's self-insurance programs and the payment of health and dental benefits, City's workers' compensation and payment of liability claims.

Information and Communications Services - For the design, installation and maintenance of all data networking, voice, radio, and facsimile services of the City's operating departments.

City Yard Operations - For the maintenance and security services at the City's Corporate Yard and Fleet Maintenance Facility.

Engineering and Administrative Services - For the provision of engineering, design, project management, and construction inspection services for public facilities and infrastructure, and the development and administration of transportation policy and the City's capital improvement program.

Quality Service Training - For the provision of training and support services, through the use and application of total quality improvement tools, for the continuous improvement of City services.

**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2016**

	Central Services	Building Maintenance
<b>Assets:</b>		
Current assets:		
Cash and investments	\$ 602,508	\$ 2,729,714
Receivables:		
Interest	1,002	-
Accounts, net of allowances	-	-
Due from other funds	-	-
Inventory of supplies	16,135	-
Total current assets	<u>619,645</u>	<u>2,729,714</u>
Noncurrent assets:		
Advances to other funds	-	-
Restricted cash and investments	-	-
Capital assets:		
Improvements other than buildings	-	602,886
Equipment	504,333	21,104
Construction in progress	-	-
Computer software	-	-
Less accumulated depreciation	(100,497)	(623,990)
Total noncurrent assets	<u>403,836</u>	<u>-</u>
Total assets	<u>1,023,481</u>	<u>2,729,714</u>
<b>Deferred outflows of resources:</b>		
Deferred amounts on pension plans	39,289	277,027
Total deferred outflows of resources	<u>39,289</u>	<u>277,027</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	5,893	217,034
Retention payable	-	-
Compensated absences payable	9,569	56,277
Claims payable	-	-
Capital lease payable	154,133	-
Total current liabilities	<u>169,595</u>	<u>273,311</u>
Noncurrent liabilities:		
Compensated absences payable	28,707	168,831
Claims payable	-	-
Capital lease payable	217,213	-
Postemployment benefits obligation	22,514	134,303
Net pension liability	497,545	3,508,022
Total noncurrent liabilities	<u>765,979</u>	<u>3,811,156</u>
Total liabilities	<u>935,574</u>	<u>4,084,467</u>
<b>Deferred inflows of resources:</b>		
Deferred amounts on pension plans	31,890	224,831
<b>Net position:</b>		
Net investment in capital assets	32,490	-
Unrestricted	62,816	(1,302,557)
Total net position (deficit)	<u>\$ 95,306</u>	<u>\$ (1,302,557)</u>

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 5,525,129	\$ 299,054	\$ 44,708,598	\$ 9,480,798	\$ 131,562	\$ 2,312,532
9,444	561	82,894	17,415	278	5,093
-	-	2,207,856	-	-	11,330
-	-	1,635,562	-	-	-
76,430	630,812	-	-	-	-
<u>5,611,003</u>	<u>930,427</u>	<u>48,634,910</u>	<u>9,498,213</u>	<u>131,840</u>	<u>2,328,955</u>
-	-	2,628,000	-	-	-
-	-	266,090	-	-	-
-	-	-	-	256,131	-
17,798,508	-	15,754	2,862,777	68,201	320,829
-	-	-	86,000	-	-
-	-	-	6,244,193	-	-
<u>(15,308,387)</u>	<u>-</u>	<u>(15,754)</u>	<u>(5,201,949)</u>	<u>(149,843)</u>	<u>(274,311)</u>
2,490,121	-	2,894,090	3,991,021	174,489	46,518
<u>8,101,124</u>	<u>930,427</u>	<u>51,529,000</u>	<u>13,489,234</u>	<u>306,329</u>	<u>2,375,473</u>
519,837	34,214	446,815	484,921	4,698	1,221,096
<u>519,837</u>	<u>34,214</u>	<u>446,815</u>	<u>484,921</u>	<u>4,698</u>	<u>1,221,096</u>
99,841	265,692	901,423	312,180	16,488	33,905
-	-	70,807	-	-	-
108,913	2,702	88,632	72,151	-	242,890
-	-	7,150,000	-	-	-
-	-	-	-	-	-
<u>208,754</u>	<u>268,394</u>	<u>8,210,862</u>	<u>384,331</u>	<u>16,488</u>	<u>276,795</u>
326,740	8,106	265,895	216,454	-	728,669
-	-	26,108,215	-	-	-
-	-	-	-	-	-
284,331	-	202,526	205,788	975	841,722
<u>6,582,823</u>	<u>433,202</u>	<u>8,213,595</u>	<u>6,140,470</u>	<u>59,492</u>	<u>15,462,606</u>
7,193,894	441,308	34,790,231	6,562,712	60,467	17,032,997
<u>7,402,648</u>	<u>709,702</u>	<u>43,001,093</u>	<u>6,947,043</u>	<u>76,955</u>	<u>17,309,792</u>
421,920	27,770	358,356	393,582	3,808	991,040
2,490,121	-	-	3,991,021	174,489	46,518
<u>(1,693,728)</u>	<u>227,169</u>	<u>8,616,366</u>	<u>2,642,509</u>	<u>55,775</u>	<u>(14,750,781)</u>
<u>\$ 796,393</u>	<u>\$ 227,169</u>	<u>\$ 8,616,366</u>	<u>\$ 6,633,530</u>	<u>\$ 230,264</u>	<u>\$ (14,704,263)</u>

Continued

**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2016**

	Quality Service Training	Total
<b>Assets:</b>		
Current assets:		
Cash and investments	\$ 410,261	\$ 66,200,156
Receivables:		
Interest	743	117,430
Accounts, net of allowances	-	2,219,186
Due from other funds	-	1,635,562
Inventory of supplies	-	723,377
Total current assets	<u>411,004</u>	<u>70,895,711</u>
Noncurrent assets:		
Advances to other funds	-	2,628,000
Restricted cash and investments	-	266,090
Capital assets:		
Improvements other than buildings	-	859,017
Equipment	-	21,591,506
Construction work in progress	-	86,000
Computer software	-	6,244,193
Less accumulated depreciation	-	(21,674,731)
Total noncurrent assets	<u>-</u>	<u>10,000,075</u>
Total assets	<u>411,004</u>	<u>80,895,786</u>
<b>Deferred outflows of resources:</b>		
Deferred amounts on pension plans	-	3,027,897
	<u>-</u>	<u>3,027,897</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	-	1,852,456
Retention payable	-	70,807
Compensated absences payable	-	581,134
Claims payable	-	7,150,000
Capital lease payable	-	154,133
Total current liabilities	<u>-</u>	<u>9,808,530</u>
Noncurrent liabilities:		
Compensated absences payable	-	1,743,402
Claims payable	-	26,108,215
Capital lease payable	-	217,213
Postemployment benefits obligation	-	1,692,159
Net pension liability	-	40,897,755
Total noncurrent liabilities	<u>-</u>	<u>70,658,744</u>
Total liabilities	<u>-</u>	<u>80,467,274</u>
<b>Deferred inflows of resources:</b>		
Deferred amounts on pension plans	-	2,453,197
	<u>-</u>	<u>2,453,197</u>
<b>Net position:</b>		
Net investment in capital assets	-	6,734,639
Unrestricted	411,004	(5,731,427)
Total net position (deficit)	<u>\$ 411,004</u>	<u>\$ 1,003,212</u>





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**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Year ended June 30, 2016**

	Central Services	Building Maintenance
Operating revenues:		
Charges for services	\$ 931,525	\$ 3,636,988
Miscellaneous	-	-
Total operating revenues	<u>931,525</u>	<u>3,636,988</u>
Operating expenses:		
Personnel services	210,044	1,437,166
Contractual services	253,902	1,684,860
Materials and supplies	275,410	242,248
Administrative charges	121,752	161,061
Insurance	-	-
Provision for self-insured losses	-	-
Depreciation	94,833	-
Total operating expenses	<u>955,941</u>	<u>3,525,335</u>
Operating income (loss)	<u>(24,416)</u>	<u>111,653</u>
Nonoperating revenues (expenses):		
Investment earnings	6,317	-
Interest expense	(13,527)	-
Gain (loss) on disposal of capital assets	-	-
Total nonoperating revenues (expenses)	<u>(7,210)</u>	<u>-</u>
Income (loss) before transfers	(31,626)	111,653
Transfers in	-	-
Transfers out	-	-
Change in net position	<u>(31,626)</u>	<u>111,653</u>
Net position (deficit) - beginning	<u>126,932</u>	<u>(1,414,210)</u>
Net position (deficit) - ending	<u>\$ 95,306</u>	<u>\$ (1,302,557)</u>

**INTERNAL SERVICE FUNDS**

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Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 4,340,238	\$ 2,031,674	\$ 30,827,373	\$ 7,029,722	\$ 1,038,091	\$ 11,257,030
211,394	23,166	358,864	-	-	1,746
4,551,632	2,054,840	31,186,237	7,029,722	1,038,091	11,258,776
1,919,503	232,013	-	2,119,138	60,344	6,354,250
357,849	47,014	-	4,520,951	214,649	492,386
340,768	1,352,756	-	489,055	73,087	101,941
701,224	216,610	8,971,417	391,299	703,456	2,863,382
-	-	20,126,388	-	-	-
-	-	7,907,615	-	-	-
613,621	-	-	798,768	6,403	15,776
3,932,965	1,848,393	37,005,420	8,319,211	1,057,939	9,827,735
618,667	206,447	(5,819,183)	(1,289,489)	(19,848)	1,431,041
54,362	4,057	858,502	104,249	2,108	27,322
-	-	-	-	-	-
(59,795)	13,034	(410,239)	-	-	-
(5,433)	17,091	448,263	104,249	2,108	27,322
613,234	223,538	(5,370,920)	(1,185,240)	(17,740)	1,458,363
167,519	-	-	-	-	10,000
-	-	-	-	-	(212,361)
780,753	223,538	(5,370,920)	(1,185,240)	(17,740)	1,256,002
15,640	3,631	13,987,286	7,818,770	248,004	(15,960,265)
\$ 796,393	\$ 227,169	\$ 8,616,366	\$ 6,633,530	\$ 230,264	\$ (14,704,263)

*Continued*

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Year ended June 30, 2016**

	Quality Service Training	Total
Operating revenues:		
Charges for services	\$ -	\$ 61,092,641
Miscellaneous	-	595,170
Total operating revenues	-	61,687,811
Operating expenses:		
Personnel services	-	12,332,458
Contractual services	-	7,571,611
Materials and supplies	-	2,875,265
Administrative charges	-	14,130,201
Insurance	-	20,126,388
Provision for self-insured losses	-	7,907,615
Depreciation	-	1,529,401
Total operating expenses	-	66,472,939
Operating income (loss)	-	(4,785,128)
Nonoperating revenues (expenses):		
Investment earnings	4,322	1,061,239
Interest expense	-	(13,527)
Gain (loss) on disposal of capital assets	-	(457,000)
Total nonoperating revenues (expenses)	4,322	590,712
Income (loss) before transfers	4,322	(4,194,416)
Transfers in	-	177,519
Transfers out	-	(212,361)
Change in net position	4,322	(4,229,258)
Net position (deficit) - beginning	406,682	5,232,470
Net position (deficit) - ending	\$ 411,004	\$ 1,003,212



CITY OF SANTA ANA, CALIFORNIA  
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**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year ended June 30, 2016**

	Central Services	Building Maintenance
<b>Cash flows from operating activities:</b>		
Receipts from interfund services provided	\$ 931,525	\$ 3,636,988
Receipts from other operating sources	-	-
Payments to suppliers for goods and services	(579,470)	(1,984,339)
Payments for interfund services used	(121,752)	(161,061)
Payments to employees	(243,917)	(1,595,166)
Net cash provided (used) by operating activities	<u>(13,614)</u>	<u>(103,578)</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers in	-	-
Transfers out	-	-
Repayment of advances from other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	-	-
Proceeds from sale of capital assets	-	-
Interest paid	(13,527)	-
Payments on capital leases	(98,770)	-
Net cash provided (used) for capital and related financing activities	<u>(112,297)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Interest received	6,286	-
Increase in the fair value of investment	-	-
Net cash provided by investing activities	<u>6,286</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(119,625)	(103,578)
Cash and cash equivalents - beginning	722,133	2,833,292
Cash and cash equivalents - ending	<u>602,508</u>	<u>2,729,714</u>
(Includes restricted cash and investments)		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	(24,416)	111,653
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	94,833	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	-
Decrease (increase) in inventory of supplies	(126)	-
Decrease (increase) in deferred outflows from pension	(5,621)	(39,628)
Increase (decrease) in accounts payable	(50,032)	(57,231)
Increase (decrease) in compensated absences payable	1,950	60,708
Increase (decrease) in retention payable	-	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in postemployment benefits obligation	(17,001)	(86,008)
Increase (decrease) in net pension liability	45,934	323,869
Increase (decrease) in deferred inflows from pension	(59,135)	(416,941)
Net cash provided (used) by operating activities	<u>(13,614)</u>	<u>(103,578)</u>
<b>Noncash investing, capital, and financing activities:</b>		
Capital assets financed through capital leases	470,116	-
Increase in fair value of investments	\$ -	\$ -

INTERNAL SERVICE FUNDS

Page 2 of 3

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 4,340,238	\$ 2,031,674	\$ 30,827,373	\$ 7,029,722	\$ 1,038,091	\$ 11,245,700
211,394	23,166	358,864	-	-	1,746
(814,749)	(2,116,992)	(28,606,728)	(5,163,338)	(282,331)	(3,482,810)
(701,224)	(216,610)	-	(391,299)	(703,456)	-
(2,438,599)	(257,151)	(8,555,378)	(2,484,662)	(61,312)	(7,300,447)
<u>597,060</u>	<u>(535,913)</u>	<u>(5,975,869)</u>	<u>(1,009,577)</u>	<u>(9,008)</u>	<u>464,189</u>
167,519	-	-	-	-	10,000
-	-	-	-	-	(212,361)
-	-	292,000	-	-	-
<u>167,519</u>	<u>-</u>	<u>292,000</u>	<u>-</u>	<u>-</u>	<u>(202,361)</u>
(1,151,348)	-	(410,239)	(86,000)	-	-
83,539	13,034	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(1,067,809)</u>	<u>13,034</u>	<u>(410,239)</u>	<u>(86,000)</u>	<u>-</u>	<u>-</u>
53,160	4,373	500,913	104,023	1,995	25,770
-	-	353,865	-	-	-
<u>53,160</u>	<u>4,373</u>	<u>854,778</u>	<u>104,023</u>	<u>1,995</u>	<u>25,770</u>
(250,070)	(518,506)	(5,239,330)	(991,554)	(7,013)	287,598
5,775,199	817,560	50,214,018	10,472,352	138,575	2,024,934
<u>5,525,129</u>	<u>299,054</u>	<u>44,974,688</u>	<u>9,480,798</u>	<u>131,562</u>	<u>2,312,532</u>
618,667	206,447	(5,819,183)	(1,289,489)	(19,848)	1,431,041
613,621	-	-	798,768	6,403	15,776
-	-	(2,798,578)	-	-	(11,330)
34,892	1,017	-	-	-	-
(74,361)	(4,894)	(65,435)	(69,364)	(672)	(174,670)
(151,024)	(718,239)	659,651	(153,332)	6,077	(25,101)
(59,039)	655	57,400	(32,334)	-	238,275
-	-	70,807	-	-	-
-	-	1,495,395	-	-	-
(211,045)	(9,406)	31,449	(100,911)	611	(599,559)
607,745	39,995	1,057,157	566,905	5,492	1,427,548
(782,396)	(51,488)	(664,532)	(729,820)	(7,071)	(1,837,791)
<u>597,060</u>	<u>(535,913)</u>	<u>(5,975,869)</u>	<u>(1,009,577)</u>	<u>(9,008)</u>	<u>464,189</u>
-	-	-	-	-	-
\$ -	\$ -	\$ 353,865	\$ -	\$ -	\$ -

Continued

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year ended June 30, 2016**

	Quality Service Training	Total
<b>Cash flows from operating activities:</b>		
Receipts from interfund services provided	\$ -	\$ 61,081,311
Receipts from other operating sources	-	595,170
Payments to suppliers for goods and services	-	(43,030,757)
Payments for interfund services used	-	(2,295,402)
Payments to employees	-	(22,936,632)
Net cash provided (used) by operating activities	-	(6,586,310)
<b>Cash flows from noncapital financing activities:</b>		
Transfers in	-	177,519
Transfers out	-	(212,361)
Repayment of advances from other funds	-	292,000
Net cash provided (used) by noncapital financing activities	-	257,158
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	-	(1,647,587)
Proceeds from sale of capital assets	-	96,573
Interest paid	-	(13,527)
Payments on capital leases	-	(98,770)
Net cash provided (used) for capital and related financing activities	-	(1,663,311)
<b>Cash flows from investing activities:</b>		
Interest received	4,220	700,740
Increase in the fair value of investment	-	353,865
Net cash provided by investing activities	4,220	1,054,605
Net increase (decrease) in cash and cash equivalents	4,220	(6,645,858)
Cash and cash equivalents - beginning	406,041	73,404,104
Cash and cash equivalents - ending	410,261	66,758,246
(Includes restricted cash and investments)		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	-	(4,785,128)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	-	1,529,401
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	(2,809,908)
Decrease (increase) in inventory of supplies	-	35,783
Decrease (increase) in deferred outflows from pension	-	(434,645)
Increase (decrease) in accounts payable	-	(489,231)
Increase (decrease) in compensated absences payable	-	267,615
Increase (decrease) in retention payable	-	70,807
Increase (decrease) in claims payable	-	1,495,395
Increase (decrease) in postemployment benefits obligation	-	(991,870)
Increase (decrease) in net pension liability	-	4,074,645
Increase (decrease) in deferred inflows from pension	-	(4,549,174)
Net cash provided (used) by operating activities	-	(6,586,310)
<b>Noncash investing, capital, and financing activities:</b>		
Capital assets financed through capital leases	-	470,116
Increase in fair value of investments	-	353,865



## Agency Funds

Agency Funds are used to account for money and property held by the City as trustee or custodian. Agency Funds include the following:

Payroll - For the disposition of funds charged to departments for the payment of wages and retirement benefits to City employees.

Treasurer's Trust – For deposits made by developer, governmental agencies and others for disposition under the terms of the agreements for which deposits were made.

Retirees Health Insurance Subsidy – For the disposition of funds charged to departments for the payment of retirees health insurance under the terms of the Memorandum of Understanding between the City of Santa Ana and different represented employees unions.

Housing Rehabilitation Loan Program – For the disposition of the assets deposited for and the liabilities of the City's housing rehabilitation loan program.

Transportation Corridor – For the collection of fees until their disbursement to transportation corridor agencies under the terms of joint exercise of powers agreement.

Transportation System Improvement Authority (TSIA) Santa Ana – Tustin – For the receipt and disbursement of funds under the terms of the joint exercise of powers agreement between the City of Santa Ana and the City of Tustin.

School Districts' Trust – For the receipt of State funds for the Santa Ana Unified School District and disbursements thereof, under the terms of the agreement between the City of Santa Ana, the Community Redevelopment Agency of the City of Santa Ana, and the Santa Ana Unified School District. For the receipt of tax increment pass-throughs allocated to Rancho Santiago College and disbursements thereof, under the terms of the agreement between the Community Redevelopment Agency of the City of Santa Ana and Rancho Santiago College.

**Agency Funds**  
**Combining Statement of Assets and Liabilities**  
**June 30, 2016**

	<u>Payroll</u>	<u>Treasurer's Trust</u>	<u>Retirees Health Insurance Subsidy</u>
<b>Assets</b>			
Cash and investments	\$ 5,532,500	\$ 6,541,872	\$ 24,550
Receivables:			
Loans and notes	-	-	-
Interest	<u>170</u>	<u>481</u>	<u>4</u>
Total assets	<u>\$ 5,532,670</u>	<u>\$ 6,542,353</u>	<u>\$ 24,554</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Notes payable	-	-	-
Due to City employees	3,927,520	-	24,554
Due to governmental agencies	<u>1,605,150</u>	<u>6,542,353</u>	<u>-</u>
Total liabilities	<u>\$ 5,532,670</u>	<u>\$ 6,542,353</u>	<u>\$ 24,554</u>

**AGENCY FUNDS**

Housing Rehabilitation Loan Program	Transportation Corridor	TSIA Santa Ana- Tustin	School Districts' Trust	Total
\$ -	\$ 22,004	\$ 8,229,419	\$ 858	\$ 20,351,203
234,333	-	-	-	234,333
-	-	14,904	-	15,559
<u>\$ 234,333</u>	<u>\$ 22,004</u>	<u>\$ 8,244,323</u>	<u>\$ 858</u>	<u>\$ 20,601,095</u>
\$ -	\$ 22,004	\$ 9,605	\$ -	\$ 31,609
234,333	-	-	-	234,333
-	-	-	-	3,952,074
-	-	8,234,718	858	16,383,079
<u>\$ 234,333</u>	<u>\$ 22,004</u>	<u>\$ 8,244,323</u>	<u>\$ 858</u>	<u>\$ 20,601,095</u>

**Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
Year ended June 30, 2016**

	Balance June 30,2015	Additions	Deductions	Balance June 30,2016
<b>PAYROLL FUND</b>				
<b>Assets</b>				
Cash and investments	\$ 6,887,494	\$ 142,377,084	\$ 143,732,078	\$ 5,532,500
Interest receivable	206	170	206	170
Total assets	<u>\$ 6,887,700</u>	<u>\$ 142,377,254</u>	<u>\$ 143,732,284</u>	<u>\$ 5,532,670</u>
<b>Liabilities</b>				
Due to City employees	\$ 1,185,686	\$ 109,018,953	\$ 106,277,119	\$ 3,927,520
Due to governmental agencies	5,702,014	33,358,301	37,455,165	1,605,150
Total liabilities	<u>\$ 6,887,700</u>	<u>\$ 142,377,254</u>	<u>\$ 143,732,284</u>	<u>\$ 5,532,670</u>
<b>TREASURER'S TRUST FUND</b>				
<b>Assets</b>				
Cash and investments	\$ 4,366,940	\$ 9,271,254	\$ 7,096,322	\$ 6,541,872
Interest receivable	443	481	443	481
Total assets	<u>\$ 4,367,383</u>	<u>\$ 9,271,735</u>	<u>\$ 7,096,765</u>	<u>\$ 6,542,353</u>
<b>Liabilities</b>				
Due to governmental agencies	4,367,383	9,271,735	7,096,765	6,542,353
Total liabilities	<u>\$ 4,367,383</u>	<u>\$ 9,271,735</u>	<u>\$ 7,096,765</u>	<u>\$ 6,542,353</u>
<b>RETIREES HEALTH INSURANCE SUBSIDY</b>				
<b>Assets</b>				
Cash and investments	\$ 1,603,570	\$ 1,676,409	\$ 3,255,429	\$ 24,550
Interest receivable	2,552	4	2,552	4
Total assets	<u>\$ 1,606,122</u>	<u>\$ 1,676,413</u>	<u>\$ 3,257,981</u>	<u>\$ 24,554</u>
<b>Liabilities</b>				
Due to city employees	\$ 1,606,122	\$ 1,676,413	\$ 3,257,981	\$ 24,554
Total liabilities	<u>\$ 1,606,122</u>	<u>\$ 1,676,413</u>	<u>\$ 3,257,981</u>	<u>\$ 24,554</u>

	<u>Balance</u> <u>June 30,2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,2016</u>
<b>HOUSING REHABILITATION LOAN PROGRAM</b>				
<b>Assets</b>				
Notes receivables	\$ 234,333	\$ 15,963	\$ 15,963	\$ 234,333
Total assets	<u>\$ 234,333</u>	<u>\$ 15,963</u>	<u>\$ 15,963</u>	<u>\$ 234,333</u>
<b>Liabilities</b>				
Notes payable	\$ 234,333	\$ 15,963	\$ 15,963	\$ 234,333
Total liabilities	<u>\$ 234,333</u>	<u>\$ 15,963</u>	<u>\$ 15,963</u>	<u>\$ 234,333</u>
<b>TRANSPORTATION CORRIDOR FUND</b>				
<b>Assets</b>				
Cash and investments	\$ 697	\$ 57,871	\$ 36,564	\$ 22,004
Total assets	<u>\$ 697</u>	<u>\$ 57,871</u>	<u>\$ 36,564</u>	<u>\$ 22,004</u>
<b>Liabilities</b>				
Accounts payable	\$ 697	\$ 57,871	\$ 36,564	\$ 22,004
Total liabilities	<u>\$ 697</u>	<u>\$ 57,871</u>	<u>\$ 36,564</u>	<u>\$ 22,004</u>
<b>TRANSPORTATION SYSTEM IMPROVEMENT AUTHORITY SANTA-ANA - TUSTIN</b>				
<b>Assets</b>				
Cash and investments	\$ 8,764,192	\$ 116,381	\$ 651,154	\$ 8,229,419
Interest receivable	13,867	14,904	13,867	14,904
Total assets	<u>\$ 8,778,059</u>	<u>\$ 131,285</u>	<u>\$ 665,021</u>	<u>\$ 8,244,323</u>
<b>Liabilities</b>				
Accounts payable	\$ 239,122	\$ 657,194	\$ 886,711	\$ 9,605
Due to governmental agencies	8,538,937	(525,909)	(221,690)	8,234,718
Total liabilities	<u>\$ 8,778,059</u>	<u>\$ 131,285</u>	<u>\$ 665,021</u>	<u>\$ 8,244,323</u>

(Continued)

**Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
Year ended June 30, 2016**

	Balance <u>June 30,2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30,2016</u>
<b>SCHOOL DISTRICTS' TRUST FUND</b>				
<b>Assets</b>				
Cash and investments	\$ 858	\$ -	\$ -	\$ 858
Total assets	<u>\$ 858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 858</u>
<b>Liabilities</b>				
Due to governmental agencies	\$ 858	\$ -	\$ -	\$ 858
Total liabilities	<u>\$ 858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 858</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and investments	\$ 21,623,751	\$ 153,498,999	\$ 154,771,547	\$ 20,351,203
Receivables:				
Loans and notes	234,333	15,963	15,963	234,333
Interest	17,068	15,559	17,068	15,559
Total assets	<u>\$ 21,875,152</u>	<u>\$ 153,530,521</u>	<u>\$ 154,804,578</u>	<u>\$ 20,601,095</u>
<b>Liabilities</b>				
Accounts payable	\$ 239,819	\$ 715,065	\$ 923,275	\$ 31,609
Notes payable	234,333	15,963	15,963	234,333
Due to City employees	2,791,808	110,695,366	109,535,100	3,952,074
Due to governmental agencies	18,609,192	42,104,127	44,330,240	16,383,079
Total liabilities	<u>\$ 21,875,152</u>	<u>\$ 153,530,521</u>	<u>\$ 154,804,578</u>	<u>\$ 20,601,095</u>

CITY OF SANTA ANA, CALIFORNIA

# Statistical Section







# STATISTICAL SECTION

This part of the City of Santa Ana's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

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**Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)**

	Fiscal Year			
	2016	2015	2014**	2013*
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 823,975	\$ 807,136	\$ 797,222	\$ 800,141
Restricted	156,204	238,034	227,514	204,518
Unrestricted	(362,557)	(378,741)	71,741	54,989
Total governmental activities net position	<u>\$ 617,622</u>	<u>\$ 666,429</u>	<u>\$ 1,096,477</u>	<u>\$ 1,059,648</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 96,563	\$ 94,756	\$ 92,652	\$ 90,055
Restricted	2,859	2,867	4,033	3,315
Unrestricted	38,804	33,018	53,819	44,636
Total business-type activities net position	<u>\$ 138,226</u>	<u>\$ 130,641</u>	<u>\$ 150,504</u>	<u>\$ 138,006</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 920,538	\$ 901,892	\$ 889,874	\$ 890,196
Restricted	159,063	240,901	231,547	207,833
Unrestricted	(323,753)	(345,723)	125,560	99,625
Total primary government net position	<u>\$ 755,848</u>	<u>\$ 797,070</u>	<u>\$ 1,246,981</u>	<u>\$ 1,197,654</u>

\* The 2013 net position was restated to implement GASB 65.

\*\*The 2014 net position was restated to implement GASB 68 and 71. See Note 1E.

Source: City of Santa Ana 2007 - 2016 CAFRS

SCHEDULE 1

Fiscal Year						
2012	2011	2010	2009	2008	2007	
\$ 787,634	\$ 767,746	\$ 723,057	\$ 684,618	\$ 650,254	\$ 700,479	
236,683	146,268	156,629	182,938	185,518	117,988	
23,756	26,574	15,155	5,165	(6,279)	(24,752)	
<u>\$ 1,048,073</u>	<u>\$ 940,588</u>	<u>\$ 894,841</u>	<u>\$ 872,721</u>	<u>\$ 829,493</u>	<u>\$ 793,715</u>	
\$ 89,780	\$ 87,551	\$ 84,088	\$ 83,163	\$ 79,764	\$ 69,748	
2,322	1,186	956	7,014	4,111	2,846	
35,758	35,705	34,201	24,745	20,385	28,270	
<u>\$ 127,860</u>	<u>\$ 124,442</u>	<u>\$ 119,245</u>	<u>\$ 114,922</u>	<u>\$ 104,260</u>	<u>\$ 100,864</u>	
\$ 877,414	\$ 855,297	\$ 807,145	\$ 767,781	\$ 730,018	\$ 770,227	
239,005	147,454	157,585	189,952	189,629	120,834	
59,514	62,279	49,356	29,910	14,106	3,518	
<u>\$ 1,175,933</u>	<u>\$ 1,065,030</u>	<u>\$ 1,014,086</u>	<u>\$ 987,643</u>	<u>\$ 933,753</u>	<u>\$ 894,579</u>	

**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year					Page 1 of 6
	2016	2015	2014	2013	2012	
<b>Expenses:</b>						
Governmental activities:						
General government (1)	\$ 16,266	\$ 15,702	\$ 16,244	\$ 14,628	\$ 11,364	
Cultural recreation and community services (2)	26,252	27,408	30,613	26,994	23,902	
Public safety (3) (5)	156,989	166,410	160,153	155,444	139,514	
Developmental services (4)	29,369	30,548	28,567	30,526	26,148	
Community development	43,778	44,604	55,537	55,016	77,219	
Pass-through payments to districts and other agencies	-	-	-	915	3,393	
County administrative charge	-	-	-	-	1,547	
Interest on long-term debt	7,208	7,576	8,080	7,027	8,669	
Total governmental activities expenses	\$ 279,862	\$ 292,248	\$ 299,194	\$ 290,550	\$ 291,756	
Business-type activities:						
Water	\$ 41,947	\$ 45,217	\$ 44,912	\$ 44,528	\$ 49,271	
Parking	4,296	2,852	2,795	2,756	2,963	
Sewer	4,685	4,627	4,761	4,351	4,268	
Sanitation	6,675	7,256	7,616	7,913	8,417	
Refuse collections	16,463	15,946	15,948	16,122	16,024	
Transportation center	1,245	1,187	1,267	1,317	1,280	
Federal clean water protection	2,878	2,033	2,125	1,780	1,637	
Total business-type expenses	78,189	79,118	79,424	78,766	83,860	
Total primary government expenses	\$ 358,051	\$ 371,366	\$ 378,618	\$ 369,317	\$ 375,616	

\* Restated property taxes for pass-through payments to districts and other agencies and County administrative charge

1. Includes Human Resources and Finance

2. Includes Museum and Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

5. As of April 2012, the City contracted with OCFA for fire services.

Source: City of Santa Ana 2007 - 2016 CAFRS

SCHEDULE 2

					Page 2 of 6
Fiscal Year					
2011	2010	2009	2008	2007	
\$ 12,333	\$ 15,227	\$ 20,456	\$ 6,912	\$ 26,370	
24,084	25,528	27,937	24,057	28,956	
174,524	183,885	175,036	157,792	151,581	
31,073	30,338	29,849	44,289	29,698	
58,735	68,150	53,598	58,798	56,286	
12,760	28,093 *	10,399 *	9,341 *	8,786	
525	486 *	391 *	287 *	208	
<u>14,664</u>	<u>16,828</u>	<u>16,580</u>	<u>16,585</u>	<u>12,420</u>	
\$ <u>328,698</u>	\$ <u>368,535</u>	\$ <u>334,246</u>	\$ <u>318,061</u>	\$ <u>314,305</u>	
\$ 45,674	\$ 45,727	\$ 41,910	\$ 41,289	\$ 39,184	
2,631	2,824	2,767	2,973	2,898	
3,462	3,485	3,140	3,313	3,084	
8,403	8,072	7,781	7,641	7,252	
15,339	16,716	13,205	13,345	12,978	
1,313	1,423	1,422	1,282	1,303	
2,359	2,210	2,217	2,585	2,798	
<u>79,181</u>	<u>80,457</u>	<u>72,442</u>	<u>72,428</u>	<u>69,497</u>	
\$ <u><u>407,879</u></u>	\$ <u><u>448,992</u></u>	\$ <u><u>406,688</u></u>	\$ <u><u>390,489</u></u>	\$ <u><u>383,802</u></u>	

*Continued*

**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year					Page 3 of 6
	2016	2015	2014	2013	2012	
<b>Program revenues:</b>						
Governmental activities:						
Charges for services:						
General government (1)	\$ 4,584	\$ 5,267	\$ 4,307	\$ 4,322	\$ 5,687	
Cultural recreation and community services (2)	3,245	3,411	4,302	3,311	3,088	
Public safety (3) (5)	23,370	22,962	25,498	25,652	27,554	
Developmental services (4)	17,410	16,651	16,239	16,752	18,633	
Community development	1,721	3,268	5,433	1,447	28,003	
Operating grants and contributions	65,518	64,711	77,494	64,700	75,051	
Capital grants and contributions	19,882	25,624	36,252	29,214	37,001	
Total governmental activities program revenues	\$ 135,730	\$ 141,894	\$ 169,525	\$ 145,398	\$ 195,017	
Business-type activities:						
Charges for services:						
Water	\$ 48,289	\$ 45,812	\$ 52,856	\$ 51,339	\$ 49,482	
Parking	4,472	5,306	4,771	4,744	4,445	
Sewer	5,125	4,756	5,017	4,939	4,783	
Sanitation	7,973	8,045	7,934	7,931	7,967	
Refuse collections	18,230	17,270	17,062	16,650	16,261	
Transportation center	593	757	754	869	789	
Federal clean water protection	365	2,862	2,868	2,740	2,733	
Operating grants and contributions	-	77	92	22	666	
Capital grants and contributions	-	-	-	-	-	
Total business-type activities Program revenues	85,047	84,885	91,354	89,234	87,126	
Total primary government Program revenues	\$ 220,777	\$ 226,779	\$ 260,879	\$ 234,632	\$ 282,143	
Net (expense) revenue						
Governmental activities	(144,132)	(150,354)	(129,669)	(145,152)	(96,739)	
Business-type activities	6,858	5,767	11,930	10,468	3,266	
Total primary government net (expense) revenue	\$ (137,274)	\$ (144,587)	\$ (117,739)	\$ (134,685)	\$ (93,473)	

SCHEDULE 2

Fiscal Year					Page 4 of 6
2011	2010	2009	2008	2007	
\$ 5,912	\$ 4,659	\$ 5,482	\$ 4,076	\$ 3,857	
2,595	3,231	2,598	1,569	2,649	
29,171	25,370	20,844	17,642	17,959	
17,186	15,707	13,833	10,591	12,214	
4,688	6,321	8,694	418	1,733	
87,080	99,887	72,232	61,202	71,352	
<u>32,910</u>	<u>37,218</u>	<u>38,694</u>	<u>37,448</u>	<u>54,166</u>	
\$ 179,542	\$ 192,393	\$ 162,377	\$ 132,946	\$ 163,930	
\$ 47,783	\$ 48,782	\$ 47,338	\$ 42,574	\$ 42,233	
3,733	4,287	4,274	3,757	4,105	
4,679	4,816	4,522	3,610	3,422	
8,002	7,946	8,091	7,831	7,922	
16,218	14,988	8,615	8,111	7,877	
970	1,233	1,026	850	724	
2,552	2,474	2,384	2,340	2,389	
295	-	6,442	6,185	6,082	
-	-	-	-	-	
<u>84,232</u>	<u>84,526</u>	<u>82,692</u>	<u>75,258</u>	<u>74,754</u>	
\$ <u>263,774</u>	\$ <u>276,919</u>	\$ <u>245,069</u>	\$ <u>208,204</u>	\$ <u>238,684</u>	
(149,156)	(176,142)	(171,869)	(185,115)	(150,375)	
<u>5,051</u>	<u>4,069</u>	<u>10,250</u>	<u>2,830</u>	<u>5,257</u>	
\$ <u>(144,105)</u>	\$ <u>(172,073)</u>	\$ <u>(161,619)</u>	\$ <u>(182,285)</u>	\$ <u>(145,118)</u>	

Continued

**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year				
	2016	2015	2014	2013	2012
Page 5 of 6					
<b>General revenues and other changes in net position</b>					
Governmental activities:					
Net program revenue (expense):					
General government (1)	\$ (11,141)	\$ (9,710)	\$ (11,480)	\$ (8,544)	\$ (5,677)
Cultural recreation and community services (2)	(15,765)	(19,106)	(17,080)	(19,364)	(17,943)
Public safety (3) (5)	(125,726)	(134,780)	(122,434)	(116,788)	(93,460)
Developmental services (4)	8,255	18,944	30,426	14,699	31,379
Community development	7,453	1,874	(1,021)	(7,213)	2,572
Pass-through payments to districts and other agencies	-	-	-	(915)	(3,393)
County administrative charge	-	-	-	-	(1,547)
Interest on long-term debt	(7,208)	(7,576)	(8,080)	(7,027)	(8,669)
General revenues:					
Property taxes	67,902	72,750	66,098	62,347	87,189
Sales Taxes	-	- **	44,367	40,978	38,744
Hotels visitors' taxes	8,882	8,983	8,519	7,490	7,024
Utility users taxes	25,102	24,919	25,035	24,415	24,367
Business taxes	12,384	11,343	11,201	10,671	10,317
Franchise taxes	8,449	8,316	7,984	9,001	7,460
Other taxes	1,520	997	1,169	962	1,401
Intergovernmental, unrestricted	50,747	48,170	521	833	466
Investment income	2,452	1,265	1,598	(1,292)	951
Other revenues	871	576	6	617	863
Transfers	168	56	-	-	-
Extraordinary gain	-	-	-	705	25,440
Total Governmental activities	<u>34,345</u>	<u>27,021</u>	<u>36,829</u>	<u>11,575</u>	<u>107,485</u>
Business-type activities:					
Water	6,342	596	7,944	6,811	601
Parking	176	2,453	1,976	1,988	1,483
Sewer	440	128	256	588	514
Sanitation	1,298	789	318	18	(450)
Refuse collections	1,767	1,401	1,206	551	513
Transportation center	(653)	(430)	(513)	(448)	(491)
Federal clean water protection	(2,512)	829	743	960	1,096
General revenues:					
Investment income	895	361	568	(322)	152
Transfers	(167)	(56)	-	-	-
Total business-type activities	<u>7,586</u>	<u>6,071</u>	<u>12,498</u>	<u>10,146</u>	<u>3,418</u>
Total primary government	<u>41,931</u>	<u>33,092</u>	<u>49,327</u>	<u>21,721</u>	<u>110,903</u>
<b>Changes in net position</b>					
Governmental activities	34,345	27,021	36,829	11,575	107,485
Business-type activities	7,586	6,071	12,498	10,146	3,418
Total primary government	<u>\$ 41,931</u>	<u>\$ 33,092</u>	<u>\$ 49,327</u>	<u>\$ 21,721</u>	<u>\$ 110,903</u>

\* Restated property taxes for pass-through payments to districts and other agencies and County administrative charge

\*\* Sales Taxes are presented as part of Intergovernmental, unrestricted revenue starting from FY14-15 based on GFOA recommendations.



SCHEDULE 2

Fiscal Year					Page 6 of 6
2011	2010	2009	2008	2007	
\$ (6,421)	\$ (7,033)	\$ (10,791)	\$ (1,801)	\$ (20,737)	
(15,937)	(12,613)	(19,708)	(15,476)	(21,398)	
(129,423)	(137,118)	(137,103)	(133,106)	(116,787)	
27,685	27,200	22,104	3,717	36,457	
2,889	(1,170)	999	(12,019)	(6,309)	
(12,760)	(28,093)	(10,399)	(9,341)	(8,786)	
(525)	(486)	(391)	(287)	(208)	
(14,664)	(16,828)	(16,580)	(16,585)	(12,420)	
103,610	108,001 *	117,756 *	112,967	103,306 *	
37,409	34,496	39,699	46,421 *	46,770	
5,970	5,650	6,149	7,714	7,442	
25,328	26,097	27,693	28,112	28,327	
10,380	9,944	10,027	10,444	10,019	
7,562	7,777	5,866	5,618	5,293	
1,176	1,090	1,500	1,837	3,242	
1,934	1,255	1,202	1,672	2,174	
869	2,862	4,613	5,219	7,505	
665	1,089	543	389	825	
-	-	50	128	-	
-	-	-	-	-	
<u>45,747</u>	<u>22,120</u>	<u>43,229</u>	<u>35,623</u>	<u>64,715</u>	
2,195	3,055	5,428	1,285	3,050	
1,102	1,463	1,506	785	1,206	
1,217	1,332	1,382	297	338	
(401)	(126)	309	190	670	
1,089	(1,728)	1,852	950	981	
(344)	(191)	(395)	(433)	(579)	
193	263	167	(245)	(409)	
146	255	463	850	1,223	
-	-	(50)	(128)	-	
<u>5,197</u>	<u>4,323</u>	<u>10,662</u>	<u>3,551</u>	<u>6,480</u>	
<u>50,944</u>	<u>26,443</u>	<u>53,891</u>	<u>39,174</u>	<u>71,195</u>	
45,747	22,120	43,229	35,623	64,715	
5,197	4,323	10,662	3,551	6,480	
<u>\$ 50,944</u>	<u>\$ 26,443</u>	<u>\$ 53,891</u>	<u>\$ 39,174</u>	<u>\$ 71,195</u>	

**Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)**

	Fiscal Year		
	2016	2015	2014
<b>General Fund</b>			
Reserved	\$ -	\$ -	\$ -
Nonspendable	-	3,434	3,357
Restricted	1,455	955	-
Committed	-	-	-
Assigned	27,077	21,562	5,404
Unreserved			-
Unassigned	48,395	45,891	45,298
Total General Fund	<u>\$ 76,927</u>	<u>\$ 71,842</u>	<u>\$ 54,059</u>
<b>All Other Governmental Funds</b>			
Reserved	\$ -	\$ -	\$ -
Nonspendable	16	25,263	18,993
Restricted	152,641	95,697	97,784
Subsequent year's budget: appropriation of fund balance		-	-
Unassigned:			
Special Revenue Grants	(921)	(1,618)	(806)
Capital Projects	(888)	(686)	(1,721)
Debt Services	-	-	-
Total all other governmental funds	<u>\$ 150,848</u>	<u>\$ 118,656</u>	<u>\$ 114,250</u>

Source: City of Santa Ana 2007 - 2016 CAFRS

\*The City of Santa Ana implemented GASB54 for the fiscal year ended June 30, 2010.

SCHEDULE 3

Fiscal Year						
2013	2012	2011	2010*	2009	2008	2007
\$ -	\$ -	\$ -	\$ -	\$ 5,243	\$ 3,945	\$ 4,361
3,267	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,314	5,509	-	-	-
5,424	4,661	2,987	-	-	-	-
-	-	-	-	11,093	32,183	36,438
30,688	19,335	6,673	2,962	-	-	-
<u>\$ 39,379</u>	<u>\$ 23,996</u>	<u>\$ 10,974</u>	<u>\$ 8,471</u>	<u>\$ 16,336</u>	<u>\$ 36,128</u>	<u>\$ 40,799</u>
\$ -	\$ -	\$ -	\$ -	\$ 142,939	\$ 113,693	\$ 85,460
3,660.82	3,652	3,652	12,354	-	-	-
93,552.80	110,606	196,182	247,124	-	-	-
-	-	-	3,831	-	-	-
(630.00)	(1,661)	(2,191)	(86)	63,681	77,705	16,893
(936.00)	(955)	(600)	(925)	10,721	11,875	28,538
-	-	-	(68,330)	-	-	-
<u>\$ 95,648</u>	<u>\$ 111,642</u>	<u>\$ 197,043</u>	<u>\$ 193,968</u>	<u>\$ 217,341</u>	<u>\$ 203,273</u>	<u>\$ 130,891</u>

**Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)**

	Fiscal Year			
	2016	2015	2014	2013
<b>Revenues:</b>				
Taxes	\$ 125,255	\$ 127,913	\$ 164,855	\$ 156,008
License and permits	4,744	5,346	3,295	4,043
Intergovernmental	129,823	129,108	95,367	88,411
Charges for services	12,756	10,698	11,493	8,752
Fines and forfeits	5,450	5,937	7,010	6,935
Investment income	2,992	1,715	1,607	(396)
Gain on sale of land held for resale	-	-	-	-
Miscellaneous	35,688	31,048	43,804	35,541
Total revenues	<u>316,708</u>	<u>311,765</u>	<u>327,431</u>	<u>299,294</u>
<b>Expenditures:</b>				
General government (1)	15,261	14,369	13,264	12,494
Cultural recreation and community services (2)	23,934	4,976	27,074	23,762
Public safety (3) (5)	162,047	154,975	151,703	150,723
Developmental services (4)	18,892	36,754	17,237	17,565
Community development	42,827	44,150	58,337	55,359
Capital outlay	30,367	25,123	10,801	25,378
Debt service:				
Principal retirement	8,242	7,872	11,513	6,865
Interest and fiscal charges	6,342	6,750	7,987	8,471
Cost of issuance and other bond charges	-	-	183	-
Total expenditures	<u>307,912</u>	<u>294,969</u>	<u>298,099</u>	<u>300,617</u>
Excess (deficiency) of revenues over (under) expenditures	8,796	16,796	29,332	(1,323)
<b>Other Financing Sources (uses):</b>				
Loss on sale of land held for resale	(1,267)			
Transfers in	17,826	14,975	12,496	11,826
Transfers out	(17,624)	(14,793)	(12,186)	(11,115)
Bond discount	-	-	-	-
Capital lease agreement	-	4,256	-	-
Loan proceeds	-	955	-	-
Payment to refunded bond escrow agent	-	-	(44,856)	-
Proceeds from issuance of bonds	-	-	45,060	-
Proceeds of refunding debt	-	-	-	-
Capital contribution	-	-	3,437	-
Total other financing sources (uses)	<u>(1,065)</u>	<u>5,393</u>	<u>3,951</u>	<u>711</u>
Extraordinary gain (loss)	-	-	-	-
Net change in fund balance	<u>\$ 7,731</u>	<u>\$ 22,189</u>	<u>\$ 33,283</u>	<u>\$ (612)</u>
Debt service as a percent of noncapital expenditures	5.3%	5.4%	6.8%	5.6%

Source: City of Santa Ana 2007 - 2016 CAFRS

1. Includes Human Resources and Finance

2. Includes Museum and Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

5. As of April 2012, the City contracted with OCFA for fire services.

SCHEDULE 4

Fiscal Year						
2012	2011	2010	2009	2008	2007	
\$ 176,503	\$ 191,434	\$ 193,055	\$ 205,817	\$ 210,242	\$ 201,155	
3,948	3,806	2,845	3,485	3,321	3,488	
108,638	121,924	128,240	109,186	89,337	128,046	
11,021	9,899	10,147	9,161	13,643	10,878	
6,930	7,902	6,435	7,332	7,645	5,891	
1,163	1,355	2,072	11,504	13,568	27,458	
273	238	-	-	350	-	
36,985	39,280	44,368	39,359	35,050	13,242	
<u>345,461</u>	<u>375,838</u>	<u>387,162</u>	<u>385,844</u>	<u>373,156</u>	<u>390,158</u>	
10,155	10,782	11,745	20,300	16,497	19,152	
21,138	21,205	23,629	26,883	28,176	28,264	
169,504	164,203	177,346	173,793	160,806	156,930	
15,575	19,763	19,716	22,022	23,134	20,032	
82,114	71,413	67,454	53,439	55,330	40,225	
30,067	58,488	56,481	46,819	41,769	77,665	
9,001	14,244	12,485	12,791	11,154	11,614	
11,940	17,543	20,769	20,992	20,430	19,384	
-	778	28,594	11,738	11,503	8,993	
<u>349,493</u>	<u>378,419</u>	<u>418,219</u>	<u>388,777</u>	<u>368,799</u>	<u>382,259</u>	
(4,032)	(2,581)	(31,057)	(2,933)	4,357	7,899	
-	-	-	-	-	-	
103,691	55,970	68,438	65,647	57,400	39,411	
(90,149)	(54,377)	(68,619)	(69,137)	(61,025)	(42,582)	
-	(374)	-	-	-	-	
-	-	-	-	-	526	
-	-	-	700	-	-	
-	(59,850)	-	-	-	-	
-	-	-	-	68,010	-	
-	66,790	-	-	(1,032)	-	
-	-	-	-	-	-	
<u>13,542</u>	<u>8,159</u>	<u>(181)</u>	<u>(2,790)</u>	<u>63,353</u>	<u>(2,645)</u>	
<u>(81,889)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>\$ (72,379)</u>	<u>\$ 5,578</u>	<u>\$ (31,238)</u>	<u>\$ (5,723)</u>	<u>\$ 67,710</u>	<u>\$ 5,254</u>	
6.6%	9.9%	9.2%	9.9%	9.7%	10.2%	

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)**

Fiscal Year Ended June 30	City				Taxable Assessed Value	Total Direct Tax Rate <sup>2</sup>
	Secured	Unsecured	Less: Exemptions <sup>1</sup>			
2016	\$ 21,528,909	\$ 1,484,318	\$ (159,727)	\$ 22,853,500	-	
2015	20,432,992	1,642,391	(161,264)	21,914,119	-	
2014	19,579,938	1,539,745	(164,260)	20,955,423	-	
2013	18,829,929	1,432,409	(168,762)	20,093,576	-	
2012	18,509,578	1,591,287	(172,181)	19,928,684	-	
2011	18,313,282	1,575,006	(173,894)	19,714,394	-	
2010	18,811,560	1,700,267	(174,101)	20,337,726	-	
2009	20,220,321	1,711,122	(175,015)	21,756,428	-	
2008	19,553,630	1,630,486	(177,491)	21,006,625	-	
2007	17,927,887	1,631,584	(180,619)	19,378,852	-	

1. Includes tax-exempt property

2. Basic levy (Prop. 13) for county, city, schools, and districts (apportioned by County Auditor). Proposition 13 in effect eliminated the property rates for cities, exclusive of voted authorizations for which a rate may be established for debt service on debt authorized by the voters prior to July 1, 1978.

Source: County of Orange Auditor-Controller's Office

SCHEDULE 5

Dissolved Redevelopment Agency					
Secured	Unsecured	Less: Exemptions <sup>1</sup>	Taxable Assessed Value	Total Direct Tax Rate <sup>2</sup>	
\$ 6,292,184	\$ 980,400	\$ (5,723)	\$ 7,266,861	1.1199	
5,965,248	1,001,603	(5,788)	6,961,064	1.1199	
5,766,230	1,043,697	(5,889)	6,804,038	1.1230	
5,612,900	991,788	(6,027)	6,598,661	1.1134	
5,499,129	1,014,608	(6,088)	6,507,649	1.1066	
5,508,301	1,030,585	(6,124)	6,532,762	1.1068	
5,861,379	1,147,376	(5,924)	7,002,831	1.1055	
5,802,723	1,135,087	(5,827)	6,931,983	1.0590	
5,204,255	1,077,781	(5,980)	6,276,056	1.0641	
3,915,380	1,002,201	(4,456)	4,913,125	1.0630	

**Direct and Overlapping Property Tax Rates  
(Rate per \$100 of assessed value)  
Last Ten Fiscal Years  
(Code Area 11-003)**

	2016	2015	2014	2013
City direct rates:				
City basic rate	(1)	(1)	(1)	(1)
Redevelopment agency				
<b>Total City direct rate</b>	-	-	-	-
Overlapping Rates:				
Santa Ana Unified School				
District bonds	0.06377	0.06604	0.06869	0.07749
Rancho Santiago Community				
College District bonds	0.04945	0.05039	0.05078	0.03241
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350
County of Orange	1.00000	1.00000	1.00000	1.00000
<b>Total direct rate</b>	<u>1.11672</u>	<u>1.11993</u>	<u>1.12297</u>	<u>1.11340</u>

Taxes on the secured rolls are payable in two installments on November 1 and March 1 of each fiscal year and become delinquent on December 10, and April 10, respectively. Taxes on unsecured property are assessed and payable on March 1 and become delinquent the following August 31 in the next fiscal year. The penalty for delinquent payment is 10% of the property tax due plus 1-1/2% interest per month until paid.

All property taxes are collected by the County of Orange Tax Collector and are apportioned to participating agencies in accordance with a prearranged schedule of apportionment dates and amounts either as a percentage of the levy or in amounts actually collected. Interest is paid on undistributed taxes in subsequent apportionments. The Tax Collector charges the agencies 1/4 of 1 percent of the amounts collected for his services.

A state constitutional amendment - Proposition 13 - effective July 1, 1978 altered the method of property tax assessment. This amendment essentially reduces the total property tax levy to 1 percent of full cash value on 4 percent of assessed value on the 1975-76 assessments adjusted upward for the lesser of the increase in the CPI or per capita income indices or 2% compounded for each succeeding year except that property changing ownership subsequent to 1975-76 and improvements are reassessed at the time of the exchange or improvement and adjusted each year thereafter at the appropriate rate.

The City of Santa Ana had 120 tax code areas during the year ended June 30, 2001. The tax rate in these areas were 1.00000% and 1.00770% of assessed valuation. Tax Rate Area 11-003 is the largest representing about 25% of the total assessed valuation.

Rates are stated as a percentage of assessed valuation. Beginning in 1981-82 assessed valuation is stated at 100% of full cash property value. Prior to that fiscal year, assessed valuation was stated 25% of full cash property value.

1. *Basic levy (Prop. 13) for county, city, schools, and districts (apportioned by County Auditor). Proposition 13 in effect eliminated the property rates for cities, exclusive of voted authorizations for which a rate may be established for debt service on debt authorized by the voters prior to July 1, 1978.*

Source: County of Orange Auditor-Controller's Office



SCHEDULE 6

2012	2011	2010	2009	2008	2007
(1)	(1)	(1)	(1)	(1)	(1)
-	-	-	-	-	-
0.07147	0.07167	0.07388	0.03212	0.03585	0.03915
0.03146	0.03141	0.02735	0.02253	0.02373	0.01911
0.00370	0.00370	0.00430	0.00430	0.00450	0.00470
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<u>1.10663</u>	<u>1.10678</u>	<u>1.10553</u>	<u>1.05895</u>	<u>1.06408</u>	<u>1.06296</u>

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 33,366,315	\$ 32,609,752	97.7%	\$ 228,462	\$ 32,838,214	98.4%
2015	31,723,610	31,374,544	98.9%	216,113	31,590,658	99.6%
2014	30,143,293	29,807,066	98.9%	218,538	30,025,604	99.6%
2013	28,633,536	28,286,767	98.8%	271,597	28,558,364	99.7%
2012	28,167,014	27,732,887	98.5%	394,398	28,127,285	99.9%
2011	27,822,469	27,343,618	98.3%	421,347	27,764,965	99.8%
2010	28,081,259	27,424,429	97.7%	76,711	27,501,140	97.9%
2009	31,259,324	30,127,022	96.4%	470,972	30,597,994	97.9%
2008	31,693,492	30,461,410	96.1%	1,215,444	31,676,854	99.9%
2007	29,479,693	26,578,304	90.2%	1,824,367	28,402,671	96.3%

Source: County of Orange Auditor-Controller's Office



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report

**Taxable Sales by Category  
Last Ten Fiscal Years  
(in thousands of dollars)**

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Category	Fiscal Year			
	2016	2015	2014	2013
General Retail	\$ 38,201	\$ 36,759	\$ 35,775	\$ 34,999
Business to Business	32,115	30,956	29,394	27,917
Transportation	38,074	38,525	37,931	36,590
Food Products	28,521	26,377	24,623	23,428
Construction	20,990	19,183	17,845	16,171
Miscellaneous <sup>1</sup>	1,838	1,936	2,285	1,605
<b>Total</b>	<b>\$ 159,739</b>	<b>\$ 153,735</b>	<b>\$ 147,854</b>	<b>\$ 140,708</b>

1. Miscellaneous category includes health & government

The County of Orange has a 8.00% tax rate,

The City of Santa Ana does not have a direct tax rate.

Source: MBIA Muniservices

SCHEDULE 8

Fiscal Year						
2012	2011	2010	2009	2008	2007	
\$ 33,824	\$ 32,722	\$ 32,467	\$ 35,097	\$ 39,163	\$ 40,425	
27,003	27,500	28,838	35,293	37,484	40,034	
34,379	31,641	28,414	32,835	36,254	36,901	
22,040	20,797	20,283	21,654	22,867	22,402	
15,005	14,239	14,305	17,661	20,820	21,621	
1,510	1,428	1,548	1,997	1,735	1,703	
<u>\$ 133,762</u>	<u>\$ 128,327</u>	<u>\$ 125,855</u>	<u>\$ 144,536</u>	<u>\$ 158,323</u>	<u>\$ 163,086</u>	

**Principal Property Tax Remitters  
Current and Nine Fiscal Years Ago**

Principal Property Tax Remitters	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bre Properties Inc.	\$ 318,532,300	1	1.39%			
Main Place Shoppingtown	243,193,804	2	1.06%	\$ 220,216,417	1	1.14%
RP Essex Skyline Holdings	135,981,592	3	0.59%			
First American Title	135,719,507	4	0.59%	107,334,491	3	0.55%
APG OCIC LLC	103,107,851	5	0.45%			
PAG Santa Ana BI Inc.	98,433,883	6	0.43%			
Freedom Newspapers Inc.	92,750,077	7	0.41%	67,019,673	6	0.35%
Marke at South Coast Metro LLC	75,365,178	8	0.33%			
Fund IX VT Santa Ana LLC	73,328,757	9	0.32%			
Bel Santa Ana LLC	70,000,000	10	0.31%			
GLL US Office LP	-		-	121,772,224	2	0.63%
Greenville Ranch LLC	-		-	102,230,085	4	0.53%
Spieker Griffin W 9	-		-	100,052,892	5	0.52%
Behr Process Corp	-		-	64,710,006	7	0.33%
NNN Xerox Centre 19 LLC	-		-	64,119,367	8	0.33%
Lapco Industrial Parks	-		-	62,496,572	9	0.32%
Pacific Coast Holdings	-		-	61,836,254	10	0.32%
<b>Total</b>	<b>\$ 1,346,412,949</b>		<b>5.88%</b>	<b>971,787,981</b>		<b>5.02%</b>

*Presented in order of highest to lowest estimated property tax revenue paid to the City and dissolved Redevelopment Agency.*

*Source: MBIA Muniservices*



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report

**Water Sold by Type of Customer  
Last Ten Fiscal Years  
(in thousands of gallons)**

	Fiscal Year			
	2016	2015	2014	2013
Type of Customer				
Residential	6,903,687.7	7,725,440.5	8,285,900.4	8,191,888.8
Commercial	2,031,311.4	2,232,378.3	2,315,563.4	2,257,527.6
Industrial	619,406.1	827,394.2	844,945.3	801,654.8
Wholesale food	108,499.6	110,939.6	117,576.6	114,953.4
Government	209,123.6	317,185.7	360,322.8	352,676.0
Others <sup>1</sup>	450,398.5	567,059.6	555,458.8	508,589.9
<b>Total</b>	<b>10,322,426.9</b>	<b>11,780,397.8</b>	<b>12,479,767.4</b>	<b>12,227,290.5</b>
Total direct rate per 44 units <sup>2</sup>	\$ 2.790	\$ 2.727	\$ 2.727	\$ 2.727

1. Others include: churches, construction use, medical, schools, reclaim water.

2. A unit is 748 gallons.

Source: City of Santa Ana Finance & Management Services Agency, Water Customer Services Division



SCHEDULE 10

Fiscal Year					
2012	2011	2010	2009	2008	2007
8,054,021.9	8,017,322.1	8,084,666.0	9,775,959.9	9,116,657.7	9,696,685.3
2,203,292.3	2,174,889.3	2,158,521.6	2,772,523.9	2,751,669.8	2,955,599.3
761,203.7	725,834.5	710,905.9	996,097.7	965,694.2	1,089,224.9
113,081.9	110,922.4	106,531.7	115,519.1	110,642.7	117,391.9
350,978.8	325,890.9	316,262.6	218,620.8	116,565.3	122,765.5
485,600.9	489,859.2	515,525.3	655,178.0	548,450.8	572,328.5
<u>11,968,179.5</u>	<u>11,844,718.4</u>	<u>11,892,413.1</u>	<u>14,533,899.4</u>	<u>13,609,680.5</u>	<u>14,553,995.4</u>
\$ 2.727	\$ 2.673	\$ 2.673	\$ 2.284	\$ 2.085	\$ 1.871

**Water Rates  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Monthly base Rate <sup>1</sup>	Rate per 44 Units <sup>2</sup>
2016	\$ 9.05	2.79
2015	7.40	2.78
2014	7.00	2.73
2013	7.00	2.73
2012	7.00	2.73
2011	7.00	2.67
2010	7.00	2.67
2009	7.00	2.28
2008	7.00	2.09
2007	7.00	1.87

1. Monthly rates are based on 5/8" meter, which is the standard household meter size.

2. A unit is 748 gallons.

Source: City of Santa Ana Finance & Management Services Agency, Water Customer Services Division

SCHEDULE 12

**Principal Water Customers  
Current and Nine Years Ago**

Water Customer	2016		2007	
	Taxable Water Charges	Percentage of Total Water Revenues	Taxable Water Charges	Percentage of Total Water Revenues
Chroma Systems	\$ 511,839	1.07%	\$ 413,885	1.06%
Adohr Farms Inc	263,593	0.55%	213,846	0.55%
Fairview Villas	197,992	0.41%	248,537	0.64%
Power Circuits Inc.	182,295	0.38%	165,080	0.42%
County of Orange	164,896	0.35%	136,929	0.35%
County of Orange	161,838	0.34%	121,457	0.31%
Warwick Square Assoc. Inc.	133,800	0.28%	572,504	1.47%
Centennial Park	114,275	0.24%	-	-
Far West Management Corp	128,782	0.27%	204,538	0.53%
Mac Arthur Village	123,087	0.26%	808,356	2.08%
Town Square Owners	-	-	199,582	0.51%
<b>Total</b>	<b>\$ 1,982,399</b>	<b>4.15%</b>	<b>\$ 3,084,714</b>	<b>7.93%</b>

Source: City of Santa Ana Finance & Management Services Agency, Water Customer Services Division

**Ratios of Outstanding Debt by Type<sup>1</sup>**  
**Last Ten Fiscal Years**  
**(Net of Bond Discount/Premium)**

Governmental Activities Debt					
Fiscal Year Ended June 30	Tax Allocation Bonds	Tax Allocation Refunding Bonds	Capital Leases	Certificates of Participation	
2016	\$ -	\$ -	\$ 4,627,003	\$ 59,735,041	
2015	-	-	4,255,657	61,082,543	
2014	-	-	-	62,375,045	
2013	-	-	166,487	72,032,547	
2012	-	-	1,565,275	73,600,049	
2011	84,275,000	20,912,721	2,930,437	75,102,551	
2010	18,010,000	22,716,810	4,342,004	76,540,053	
2009	18,520,000	24,440,902	5,705,163	76,850,720	
2008	19,020,000	26,094,991	8,516,932	77,146,652	
2007	19,510,000	27,689,080	4,087,758	10,455,000	
Fiscal Year Ended June 30	Lease Revenue Bonds	Refunding Revenue Bonds	Long Term Loans	Private Placement Financing	
2016	\$ 28,362,500	\$ -	\$ 1,999,507	\$ 37,720,000	
2015	31,035,000	-	2,136,062	41,475,000	
2014	33,550,000	-	822,967	45,060,000	
2013	71,778,997	-	352,396	-	
2012	76,357,998	-	1,708,894	-	
2011	80,721,999	-	7,633,917	-	
2010	84,906,000	64,930,000	8,006,082	-	
2009	88,929,999	69,750,000	8,328,862	-	
2008	92,794,000	74,335,000	7,050,475	-	
2007	96,543,001	78,695,000	7,054,737	-	
Business-type Activities					
Fiscal Year Ended June 30	Revenue Bonds Payable	Certificates of Participation	Refunding COP	Notes Payable	
2016	\$ 17,306,602	\$ -	\$ -	\$ 289,609	
2015	18,058,891	-	618,009	474,476	
2014	13,086,938	-	2,576,013	653,038	
2013	13,281,809	-	3,939,865	825,511	
2012	14,128,209	-	5,299,820	992,102	
2011	14,949,609	-	6,469,775	1,153,012	
2010	15,746,009	-	7,484,730	1,308,434	
2009	16,522,409	-	8,364,685	1,458,557	
2008	17,278,809	-	9,124,640	1,603,559	
2007	18,015,209	2,360,000	9,914,595	1,743,617	

## SCHEDULE 13

Fiscal Year Ended June 30	Total		
	Total Primary Government	Percentage of Personal Income <sup>2</sup>	Debt Per Capita <sup>2</sup>
2016	\$ 150,040,262	\$ 0.08%	\$ 2,598
2015	159,135,638	0.09%	2,888
2014	158,124,001	0.09%	2,900
2013	162,377,612	0.10%	3,007
2012	173,652,347	0.11%	3,416
2011	294,149,021	0.20%	6,024
2010	303,990,122	0.21%	6,221
2009	318,871,297	0.21%	6,163
2008	332,965,058	0.22%	6,460
2007	276,067,997	0.19%	5,434

Source: City of Santa Ana 2007 - 2016 CAFRS

1. Details regarding the City's outstanding debt can be found in the notes to the financial statements.
2. Population and personal income data can be found in Schedule 17 of the Statistical Section;  
Ratios are calculated using prior calendar year. Changed data from metropolitan area  
to Orange County data.

**Legal Debt Margin Information  
Last Ten Fiscal Years**

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	Fiscal Year			
	2016	2015	2014	2013
Debt limit	\$ 575,330,655	\$ 551,884,587	\$ 527,992,080	\$ 508,494,478
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ <u>575,330,655</u>	\$ <u>551,884,587</u>	\$ <u>527,992,080</u>	\$ <u>508,494,478</u>

Legal Debt Margin Calculation for Fiscal Year 2016:

Assessed value	\$ 23,013,226,208
Debt Limit (2.5 percent of assessed value) <sup>1</sup>	<u>575,330,655</u>
Debt applicable to limit:	
General obligation bonds	None
Legal debt margin	\$ <u>575,330,655</u>

Source: County of Orange Auditor-Controller's Office

1. This equates to be the 10% authorized by the Santa Ana Charter prior to the Assessor's change in assessed value basis from 25% to 100% of full cash value in fiscal year 1982.

SCHEDULE 14

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 502,521,612	\$ 497,207,207	\$ 512,795,676	\$ 548,286,091	\$ 529,602,908	\$ 488,986,777
-	-	-	-	-	-
<u>\$ 502,521,612</u>	<u>\$ 497,207,207</u>	<u>\$ 512,795,676</u>	<u>\$ 548,286,091</u>	<u>\$ 529,602,908</u>	<u>\$ 488,986,777</u>

## Direct and Overlapping Debt Fiscal Year 2016

<u>City of Santa Ana</u>			
2015-16 Assessed Valuation:	\$	23,013,226,208	
<u>Overlapping Tax and Assessment Debt:</u>		<u>Total Debt</u> 6/30/16	<u>% Applicable</u> (1) <u>City's Share of</u> <u>Debt 06/30/16</u>
Metropolitan Water District	\$	92,865,000	0.937% \$ 870,145
Coast Community College District		498,864,504	0.245% 1,222,218
Rancho Santiago Community College District		268,052,899	31.156% 83,514,561
Rancho Santiago Community College District SFID No. 1		64,240,000	57.382% 36,862,197
Garden Grove Unified School District		240,640,160	11.321% 27,242,873
Santa Ana Unified School District		274,001,882	62.283% 170,656,592
Tustin Unified School District Facilities Improvement District No 2002-1		48,068,292	12.892% 6,196,964
Tustin Unified School District Facilities Improvement District No 2008-1		90,085,000	13.331% 12,009,231
Tustin Unified School District Facilities Improvement District No 2012-1		29,830,000	8.919% 2,660,538
Total Overlapping Tax and Assessment Debt:			<u>\$ 341,235,319</u>
<u>Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	\$	124,614,000	4.612% \$ 5,747,198
Orange County Pension Fund Obligations		353,417,858	4.612% 16,299,632
Orange County Board of Education Certificates of Participation		14,840,000	4.612% 684,421
Coast Community College District Certificates of Participation		3,765,000	0.245% 9,224
Orange Unified School District Benefit Obligations		82,965,000	3.007% 2,494,758
Orange Unified School District Certificates of Participation		27,837,063	3.007% 837,060
Santa Ana Unified School District Certificates of Participation		70,982,229	62.283% 44,209,862
Total Overlapping General Fund Debt			<u>\$ 70,282,155</u>
<u>Direct Governmental Fund Debt (Net of Bond Discount/Premium):</u>			
City of Santa Ana Governmental Fund Obligations			
Police Lease Revenue Bonds		28,362,500	100% 28,362,500
Private Placement Financing		37,720,000	100% 37,720,000
2007 Local Street Improvement Projects		59,735,041	100% 59,735,041
Capital Lease Obligations		4,255,657	100% 4,627,003
Long-Term Loans & Other Payable		1,999,507	100% 1,999,507
Total Direct Governmental Fund Debt			<u>\$ 132,444,051</u>
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	\$	91,845,000	99.998-100.% \$ 94,207,623
Total Direct Debt			\$ 132,444,051
Total Overlapping Debt			\$ 505,725,097
Combined Total Debt			\$ 638,169,148 (2)

(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

### Ratios to 2015-16 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.48%
Total Direct Debt (\$132,444,051).....	0.58%
Combined Total Debt.....	2.77%

### Ratios to Redevelopment Incremental Valuation (\$5,989,908,719):

Total Overlapping Tax Increment Debt.....	1.57%
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Source: California Municipal Statistics, Inc. and City of Santa Ana



## SCHEDULE 16

**Pledged-Revenue Coverage<sup>1</sup>**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year Ended June 30	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2016	\$ 48,289	\$ 44,781	\$ 3,508	605	716	2.66
2015	45,812	42,045	3,767	930	578	2.50
2014	52,856	42,059	10,797	900	609	7.16
2013	51,339	41,557	9,782	880	638	6.44
2012	49,482	46,197	3,285	855	664	2.16
2011	47,783	44,917	2,866	830	688	1.89
2010	48,782	42,542	6,240	810	708	4.11
2009	47,338	38,734	8,604	790	729	5.67
2008	42,574	38,356	4,218	770	749	2.78
2007	42,233	36,327	5,906	750	767	3.89

Source: City of Santa Ana 2007 - 2016 CAFRS

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

Operating expenses do not include interest or depreciation.

(1) Pursuant to the Indenture, all Revenues (all Installment Payments paid by the City to the Trust) and amounts on deposits in the funds and accounts established under the Indenture (other than amount on deposit in the Rebate Fund) has irrevocably pledged to the payments of principal and interest on the Bonds. In addition, the City covenants that revenue from the water utility operation will be sufficient to provide net revenues of at least 1.20 times the principal and interest (or minimum term bond payment of the bonds as they become due and payable).

### Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2015	342,930	\$ 183,052,341	\$ 57,749	4.5%
2014	335,264	173,305,650	55,096	5.5%
2013	331,953	169,792,810	54,519	6.2%
2012	329,915	166,634,101	54,008	7.6%
2011	327,731	155,259,397	50,839	8.8%
2010	324,528	147,358,664	48,826	9.5%
2009	357,754	145,968,001	48,865	8.8%
2008	355,662	153,028,089	51,741	5.3%
2007	353,184	151,102,207	51,542	3.9%
2006	353,428	148,982,081	50,808	3.4%

## Sources:

1. State Department of Finance
2. Bureau of Economic Analysis; changed from metropolitan area data to Orange County data
3. State of California Employment Development; rate changed from State rate to County rate

SCHEDULE 18

**Principal Employers  
Current and Nine Years Ago**

Employer	2016		2007	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
County of Orange	18,039	11.3%		
Santa Ana Unified School District	4,665	2.9%		
Santa Ana College	3,175	2.0%	2,300	1.5%
First American Title Co.	1,770	1.1%	2,200	1.5%
City of Santa Ana	1,424	0.9%		
KPC Healthcare (formerly Integrated Healthcare Holdings)	1,130	0.7%		
Southern CA News Group (formerly Superior Court of CA-County of Orange	601	0.4%	900	0.6%
Abbott Medical Optics Inc	742	0.5%		
Abbott Medical Optics Inc	600	0.4%		
Tenet Healthsystem Medical Group Inc	-	-	1,500	1.0%
Ingram Micro	-	-	4,000	2.7%
Diversified Maintenance Services Inc	-	-	1,200	0.8%
Ttm Printed Circuit Group Inc	-	-	1,500	1.0%
Ponderosa Builders Inc	-	-	800	0.5%
Alan B Whitson Co Inc	-	-	750	0.5%

*"Total Employment" as used above represents the total employment of all employers within the City limits.*

*Source: MuniServices, LLC*

## Full-time and Part-time City Employees by Function Last Ten Fiscal Years

Function	Full-Time and Part-time Employees as of June 30			
	2016	2015	2014	2013
General government (1)	200	188	175	164
Cultural recreation and community services (2)	380	368	392	401
Public safety (3) (5)	597	585	596	635
Developmental services (4)	229	238	216	223
Community development	51	60	59	69
Total	1,457	1,439	1,438	1,492

1. Includes Human Resources and Finance

2. Includes Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

5. As of April 2012, the City contracted with OCFA for fire services.

Source: City of Santa Ana Finance & Management Services Agency, Payroll Division.

## SCHEDULE 19

## Full-Time and Part-time Employees as of June 30

2012	2011	2010	2009	2008	2007
165	178	192	203	232	229
390	396	395	404	459	462
654	877	896	934	973	963
222	256	246	281	326	311
74	90	94	111	121	122
<u>1,505</u>	<u>1,797</u>	<u>1,823</u>	<u>1,933</u>	<u>2,111</u>	<u>2,087</u>

## Operating Indicators by Function Last Ten Fiscal Years

	2016	2015	2014
<b>Police:</b>			
Physical arrests	9,492	10,445	10,273
Parking citations issued	105,714	94,112	72,464
Traffic citations issued	11,325	9,378	7,886
Responses to 911 calls	131,197	159,530	165,505
<b>Fire:</b>			
Number of emergency calls-SAFD		-	-
Number of emergency calls-OCFA	23,455	21,392	19,303
Inspections-SAFD	N/A	N/A	N/A
Inspections-OCFA	2,862	2,686	2,616
<b>Public Works:</b>			
<b>Streets:</b>			
-Street resurfacing (miles)	-	-	-
-Pot holes repaired **	2,000	1,900	24,200
<b>Sanitation:</b>			
-Refuse collected (tons/year) *	N/A	N/A	N/A
-Recyclables collected (tons/year) *	N/A	N/A	N/A
<b>Refuse collected (tons/year)</b>			
-Goal: Max lbs refuse disposed/person *	8	8	8
-Actual: lbs refuse disposed/person *	5	5	5
<b>Water:</b>			
-New connections	86	86	27
-Water mains breaks	19	15	17
-Average daily consumption (thousands of gallons)	29,300	32,700	35,200
<b>Parks, recreation and community services:</b>			
Athletic field permits issued	13,254	12,957	11,619
Number of recreation classes (subjects)	1,166	634	415
Number of facility rentals	1,021	1,166	1,250
<b>Planning and Building:</b>			
Number of building permits issued	3,513	3,325	2,131
Number of plan checks	2,661	2,762	2,292
Number of inspections	28,702	22,597	20,884
Number of demolition building permits	10	18	16
<b>Value of construction (in thousands):</b>			
-Commercial and industrial construction	20,046	60,624	8,494
-Residential construction	28,361	117,512	6,720
-Other additions and alterations	102,619	43,027	87,656

\* Note: Beginning in 2007, CA Integrated Waste Management Board changed the method of reporting and disposal target to a pounds per day formula.

\*\* Note: Beginning in 2015, the statistical method for reporting potholes changed to the actual number of potholes filled, versus the average tons of asphalt per day.

Source: City of Santa Ana

SCHEDULE 20

2013	2012	2011	2010	2009	2008	2007
12,100	6,456	11,645	11,313	12,975	13,841	12,450
72,129	36,709	82,737	87,827	94,792	103,817	103,383
10,210	6,816	12,873	17,989	20,154	26,233	42,995
168,362	90,644	150,057	24,986	25,009	25,616	24,671
-	14,817	18,360	17,808	17,859	10,645	18,215
18,961	4,024	N/A	N/A	N/A	N/A	N/A
N/A	2,890	4,931	5,124	3,985	2,033	4,026
1,075	-	N/A	N/A	N/A	N/A	N/A
-	-	-	-	94	10	2
20,400	24,500	23,750	25,000	25,000	27,440	28,500
N/A	N/A	N/A	N/A	N/A	1,025,000	1,025,000
N/A	N/A	N/A	N/A	N/A	620,000	600,000
8	8	8	8	8	N/A	N/A
5	5	5	5	5	N/A	N/A
36	61	22	35	52	89	147
15	25	35	41	19	21	27
35,000	34,000	33,400	34,900	36,700	38,400	83,000
10,773	9,229	8,781	8,890	9,871	9,139	8,659
496	186	172	151	158	127	104
1,466	2,872	2,722	3,014	3,335	3,002	2,691
2,417	2,347	2,355	2,032	2,215	3,112	3,868
3,147	2,220	1,561	1,405	1,571	2,672	3,221
19,813	21,077	24,185	23,168	39,147	48,687	42,308
12	43	27	17	12	42	45
22,255	9,564	12,278	2,544	6,571	14,069	15,031
33,918	30,744	11,695	1,408	951	7,170	22,007
88,436	76,961	73,671	55,008	43,132	69,403	64,773

**Capital Assets Statistics by Function  
Last Ten Fiscal Years**

	2016	2015	2014
Police:			
Stations	4	2	2
Fire:			
Fire stations	10	10	10
Public Works:			
Street (miles)	422	422	422
Streetlights *	2,871	2,861	1,872
Traffic Signals	297	297	297
Parks, Recreation and community services			
Number of parks	44	44	44
Number of libraries	2	2	2
Number of recreation facilities	18	18	18
Number of municipal swimming pools	5	5	5
Number of municipal tennis centers	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS
Number of miles of bike trails	13	13	13
Water:			
Water mains (miles)	480	480	480
Maximum daily capacity (thousands of gallons)	146,000	146,000	146,000
Number of water wells	20	20	20
Number of reservoirs	10	10	10
Number of hydrants	4,899	4,844	4,826
Sewer:			
Sewer mains (miles)	390	390	390

\* Note: Beginning in 2015, count includes metered and un-metered City-owned streetlights.

Source: City of Santa Ana



SCHEDULE 21

2013	2012	2011	2010	2009	2008	2007
3	3	2	2	2	2	2
10	10	10	10	10	10	10
422	422	421	425	425	425	425
1,822	1,805	1,789	1,630	1,606	1,606	1,593
297	297	292	285	285	282	279
41	35	35	35	35	35	40
2	2	2	2	2	2	2
18	17	17	17	17	17	8
5	5	5	5	5	5	5
2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS
13	11	11	11	11	11	11
480	481	478	478	488	488	488
146,000	146,000	146,000	146,000	146,000	146,000	159,000
20	20	20	20	20	20	19
10	10	10	10	10	10	10
4,815	4,815	4,812	4,812	4,779	4,943	4,927
390	390	390	390	390	390	389



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report



CITY OF SANTA ANA  
CALIFORNIA

# 2016 Comprehensive Annual Financial Report

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