

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020



CITY OF SANTA ANA, CALIFORNIA



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

2020

CITY OF SANTA ANA, CALIFORNIA

2020
Comprehensive Annual
Financial Report

For the Fiscal Year Ended June 30, 2020

Prepared by
Finance & Management Services Agency



Comprehensive Annual Financial Report

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CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

MAYOR
Miguel A. Pulido
MAYOR PRO TEM
Juan Villegas
COUNCILMEMBERS
Phil Bacerra
Nelida Mendoza
David Penalzoa
Vicente Sarmiento
Jose Solorio



CITY MANAGER
Kristine Ridge
CITY ATTORNEY
Sonia R. Carvalho
CLERK OF THE COUNCIL
Daisy Gomez

CITY OF SANTA ANA

20 Civic Center Plaza • P.O. Box 1988
Santa Ana, California 92702
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December 10, 2020

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, 2020. 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 Generally Accepted Accounting Principles 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.

CliftLarsonAllen LLP (CLA), a firm of certified public accountants, has audited the City's financial statements. The auditors have issued unmodified opinions on these financial statements. Such opinions state that the City adhered to the applicable accounting regulations appropriately and that the financial report is fairly presented in all material respects in accordance with GAAP. 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

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Letter of Transmittal

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, 2020 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. CLA 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, 2020 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, 2020, the City expended over \$55 million 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 audited financial statements. The Single Audit report will be available upon request from the City's Finance & Management Services Agency.

City Profile

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 over eighteen million people. Santa Ana is 57th most populous City in the nation according to the 2010 Census data and the 11th largest City in the State.

Moreover, Santa Ana is both the County seat and the second most populous city in Orange County occupying 27.3 square miles and serving a population of 335,052. Centrally located within Orange County, the City houses both State and Federal agencies, County Administration, County Court functions and the Ronald Reagan Federal Building and Courthouse within its civic center complex. The current Office of Management and Budget metropolitan designation for the Orange County Area is Santa Ana–Anaheim–Irvine.

In 1952, the City was established as a charter city and adopted the council-manager form of government. Policy-making and legislative authority is 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. Councilmembers are nominated from one of six geographic wards in the City and elected by ward on a non-partisan basis. Councilmembers serve a four-year term and are limited to three consecutive terms. The Mayor is directly elected at-large and has term limits of no more than four (4) two-year terms. The Mayor Pro Tem is nominated and elected from amongst the seated council.

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. The City Manager is also responsible for developing and recommending the City's budget, which is submitted to the City Council for approval.

City Profile (continued)

The City provides a full range of municipal services, including police, 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. The City has contracted the Orange County Fire Authority and CARE Ambulance Service to provide fire suppression and emergency medical services, respectively. Additionally, the City administers 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.

Santa Ana is home to many attractive amenities such as the MainPlace 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 the Ocelot Habitat & Education Center and the Tierra de las Pampas, a multi-species exhibit. Santa Ana boasts many unique shops, premier restaurants and artist galleries in the Historic Downtown Santa Ana area.

The City 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. Mater Dei is nationally recognized in athletics while the Orange County School of the Arts is highly recognized in music, dance and theatre.

The Santa Ana Unified School District is the seventh largest school district in the state of California and houses the most Charter schools within Orange County. The District offers various programs to improve student outcomes and strengthen a learning environment focused on raising the achievement of all students and preparing them for success in college and career.

Santa Ana is the headquarters for many recognized companies such as Behr Paint, First American Corporation, Abbott Medical Optics, Stearns Lending, and SchoolsFirst Federal Credit Union, a leading Credit Union serving the educational community for the region. The City houses major regional headquarters for the Xerox Corporation, Psomas, Banc of California, and Yokohama Tire Corporation.

Local Economy

The City is located within the Los Angeles-Long Beach-Santa Ana Metropolitan area. The area is the second 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 thirty-thousand (30,000) businesses with the top twenty-five (25) businesses generating approximately 28% of the jurisdiction's total sales tax revenue. The City has a solid retail base within both of its Sales Tax bases, which is anchored by the following economic segments: Business to Business services, General Retail and Transportation.

Business to Business services has performed strong during the year specifically its Energy Sales and both Heavy and Light Industries experiencing a year over year increase. General retail continued its stable performance with its cannabis operators and department stores experiencing modest increases on a quarterly basis when compared to the same time period during the prior year. The Transportation sector experienced modest gains on a year over year basis with both used Auto-Sales and Service Stations experiencing the largest gain within the category. These segments demonstrate the continued growth of Santa Ana as a point of destination.

Local Economy (continued)

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19), a global pandemic. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closing of businesses. The pandemic will continue to impact the City's local economy and financial outlook. However, the full financial impact to the City and the duration cannot be estimated at this time.

Although these dramatic and rapid changes have created uncertainty relating to revenue estimates and expenditures for fiscal year 2020-21, the City has also received various federal, state, and local funding allocations for COVID-19 expenditures during the current fiscal year, which totals over \$30 million. These funds will be utilized for various programs to provide assistance to the residents and local businesses. Some notable programs offered include utility assistance, rental assistance, small business grants, and employment training services.

Despite the COVID-19 pandemic, the City has not experienced a dramatic decrease of its major revenue sources such as: Sales Tax, Property Tax, Business License Tax, Cannabis Tax, and Hotel Visitors Tax. The City continues its efforts to increase economic activity and assessed valuations for real property by actively exploring and promoting major developments. Some of notable projects are 3rd and Broadway mixed-use building project, 888 North Main Adaptive Reuse Project, the Heritage mixed-use development, the potential redevelopment of the Willowick site, and Tiny Tim Plaza residential development. Completion of these major projects will increase the City's future revenue base providing a stable and reliable source of income.

Economic Condition and Outlook

Due to the COVID-19 pandemic and its projected impact on the City's income, the City reduced the estimate for its fiscal year 2019-20 major revenue sources such as Sales Tax (Bradley Burns-1.0% and Measure X-1.5%), Hotel Visitors Tax, Business License Tax, Permit & Plan Check Fees, Zoo, Recreation & Library Fees, and Parking Fines by \$11.9 million. However, the City revenues experienced a less severe impact due to COVID and as a result its actual revenues met or exceeded its revised estimates.

The fund balance of the General Fund increased \$14.9 million, largely attributable to both of its Sales tax bases, Business Tax, and Cannabis Tax revenues. Measure X-Sales Tax exceeded its revised estimate by \$2.2 million, largely as a result of higher than anticipated e-commerce sales offsetting lower in-store sales. Other higher than anticipated revenue sources received by the City during the fiscal year were Hotel Visitors Tax as well as Parking Fines with combined total exceeding its revised revenue estimates by \$2.2 million.

The City continues to leverage the positive economic climate 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. Because of these partnerships, the following programs and related accomplishments have been achieved:

- Economic Development Team
 - Small business development through workshops and incentive program
 - Partnership with the Santa Ana Chamber of Commerce resulted in the outreach of over 400 local businesses

Economic Condition and Outlook (continued)

- Small Business Incentive Program
 - Provided seven new businesses with grants of up to \$5,000 to cover start-up expenses
 - Businesses receiving grants included restaurants, beauty salons, and retail establishments

Recently/to be completed major economic projects include the following:

City Financial Stability

- Refinancing the 2007 Gas Tax Revenue Certificate of Participation
 - Total City estimated debt service savings of \$18.9 million
 - Finalized in December 2019

Residential

- Construction of three new multi-family affordable housing projects
 - The First Street Apartment, a 68-unit new construction project for large families
 - Santa Ana Arts Collective, a 57-unit adaptive reuse project
 - Hero's Landing, a 75-unit new construction project for homeless veterans
- Cornerstone Apartments
 - Rehabilitation of 126 units of existing affordable housing following the approval of an amendment, restatement, and resubordination of \$7.1 million in loans

Commercial

- Resident Vehicle Incentive Program
 - A total of 1,682 Santa Ana residents and businesses received \$500 rebates towards the purchase of their vehicle from one of ten Santa Ana franchised dealerships
 - Aims to keep vehicle sales local and avoid leakage to other cities
- Mobile Food Trucks
 - Helped existing Food Vending Vehicle owners operate in a safe manner in accordance with the State and local health officials mandate for social distancing
- Walnut & Daisy Micro-farm
 - Development of a micro-farm on City owned property at 1901 W. Walnut Street, utilizing 16,500 square foot site that has been vacant for over twelve years
 - The micro-farm will grow and distribute fresh produce and ornamentals
- Annexation of 17th and Tustin Area
 - Annexed the unincorporated residential and business area near 17th and Tustin
 - Comprised of 24.78 acres, 53 single-family detached units and 30 other dwellings

The Tax Cuts and Jobs Act of 2017 established Santa Ana's Opportunity Zone, which encompasses approximately 22% of the City, as a mechanism to provide tax incentives for investment in designated census tracts. The City is looking for future investments that will provide a substantial economic return for its business and resident community.

Economic Condition and Outlook (continued)

The COVID-19 pandemic will affect the City's financial outlook in the upcoming year. Because of the public health crisis and stay-at-home guidance from the State of California and local public health officials, non-essential businesses had to close and the situation has not yet returned to normal as of the issuance of this report. Despite the economic uncertainty that exists today, the City will take every action necessary to ensure that the City responds to the challenge of the COVID-19 pandemic with resiliency. Furthermore, the City will strive to continue momentum in spurring economic development via working with developers and businesses to build new hotels, residential and commercial buildings.

Long-term Financial Planning

At the end of fiscal year 2019-20, the City continued to maintain its operating reserves for its General Fund expenditures along with maintenance of its economic uncertainty account. However, results of the City's assessment of the Ten-Year Outlook indicated that there is a General Fund revenue shortfall to sustain the current expenditure structure. In addition, the City faces the challenges of the COVID-19 pandemic and increase in overall expenditures including pension contributions. Therefore, it is prudent that City staff continuously evaluate the fiscal health and outlook and recommend necessary revisions to the budget. The flexibility will include reducing expenses where possible, while maintaining core services which community members depend on.

Some of the key elements in providing long-term stability include; partnering with the various bargaining units to share the burden on increased pension and medical costs, refinancing of existing debt to save on borrowing costs, examining fees to ensure the City maximizes its cost recovery, and continuing its partnership with the Orange County Fire Authority for the delivery of Fire and Emergency Medical services.

Public pensions and their sustainability have a significant impact on the City's future financial condition. The City is exploring various options to reduce future pension cost including issuing pension obligation bonds and increasing contributions towards its irrevocable trust.

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.

Furthermore, the City will monitor local and national economic trends and evaluate the amount required to maintain as a reserve for its General Fund, emergency repairs, capital needs and other unforeseen expenditures. Through thoughtful planning and careful evaluation, the City will be able to work toward long-term fiscal sustainability, despite the economic uncertainty that exists today.

Relevant Financial Policies

In 2017, the City Council updated 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). The policy defines the appropriateness of when to utilize the reserve along with updated language regarding the amount to be maintained within the operating reserve. During fiscal year 2019-20, the City continues to maintain a reserve for the General Fund, which totals approximately \$53.1 million (16.67 percent of operating surplus requirement per the adopted policy) along with an economic uncertainty account in the amount of \$3.2 million.

Major Initiatives

The City has embarked on many initiatives which include embracing community involvement, increase transparency efforts, support future development, and improve the overall fiscal environment of the City. Some of the objectives accomplished during fiscal year 2019-20 follow:

- The City was issued an “AA-” rating related to its refinancing of existing Gas Tax Revenue Certificates of Participation. The refinancing was closed in December 2019 and generated approximately \$18.9 million in debt service savings.

The Community Development Agency

- Completed Aqua Housing and Tiny Tim Plaza and provided affordable housing units to the community.
- Plans to finalize mixed use development (hotel/residential) agreement for Third and Broadway Parking Structure.

The Parks, Recreation & Community Services Agency

- Completed Service and Financial Sustainability Study.
- Obtained grant funding for the construction of two new parks, renovation of Santiago Park, and the Center Street Urban Greening project.

The Planning & Building Agency

- Entitled the One Broadway Plaza project to facilitate a 37 story mixed-use development.
- Updated the Transit Zoning Code to reflect current trends in development.

The Police Department

- Maintained funding for Community Oriented Policing in order to continue community engagement activities and programs including the Community Emergency Response Team (CERT), Santa Ana Police Athletic Activity League (PAAL), Parent Academy, and many other programs.

The Public Works Agency

- Completed various street improvement projects and implemented a dedicated citywide concrete side walk replacement program.
- Conducted an assessment of all City facilities to determine condition and required repairs.

The Information Technology Agency

- Implemented MyCivic citizen reporting system and mobile application.
- Implemented Voice Over IP (VoIP) phone system.

The Finance and Management Services Agency

- Implemented the Cost Allocation Plan, which is compliant with State and Federal regulations.
- Successfully upgraded payroll system for better functionality.

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, 2019. The City has received this prestigious award for forty-two 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 and Management Services Agency, 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 strategic leadership and support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Kristine Ridge
City Manager



Kathryn Downs, CPA
Executive Director
Finance & Management Services Agency



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

GFOA Certificate of Achievement

Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2019



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, 2019

Christopher P. Morill

Executive Director/CEO

Directory of City Officials

June 30, 2020



Mayor
Miguel Pulido
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Ward 1
Councilmember
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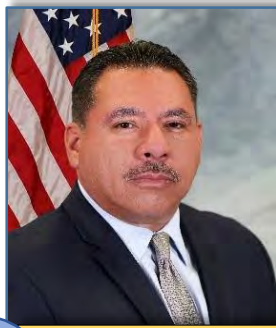
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Ward 4
Councilmember
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Ward 5
Mayor Pro Tem
Juan Villegas
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Ward 6
Councilmember
Nelida Mendoza
nmendoza@santa-ana.org

Directory of City Officials

June 30, 2020

DAISY GOMEZ
CLERK OF THE COUNCIL

KRISTINE RIDGE
CITY MANAGER

SONIA R. CARVALHO
CITY ATTORNEY

COMMUNITY DEVELOPMENT AGENCY

STEVEN MENDOZA
EXECUTIVE DIRECTOR

FINANCE & MANAGEMENT SERVICES

KATHRYN DOWNS
EXECUTIVE DIRECTOR

HUMAN RESOURCES

STEVEN PHAM
EXECUTIVE DIRECTOR

INFORMATION TECHNOLOGY

JACK CIULLA
CHIEF TECHNOLOGY INNOVATIONS OFFICER

LIBRARY

BRIAN STERNBERG
LIBRARY SERVICES DIRECTOR

PARKS, RECREATION & COMMUNITY SERVICES

LISA RUDLOFF
EXECUTIVE DIRECTOR

PLANNING & BUILDING AGENCY

MINH THAI
EXECUTIVE DIRECTOR

POLICE DEPARTMENT

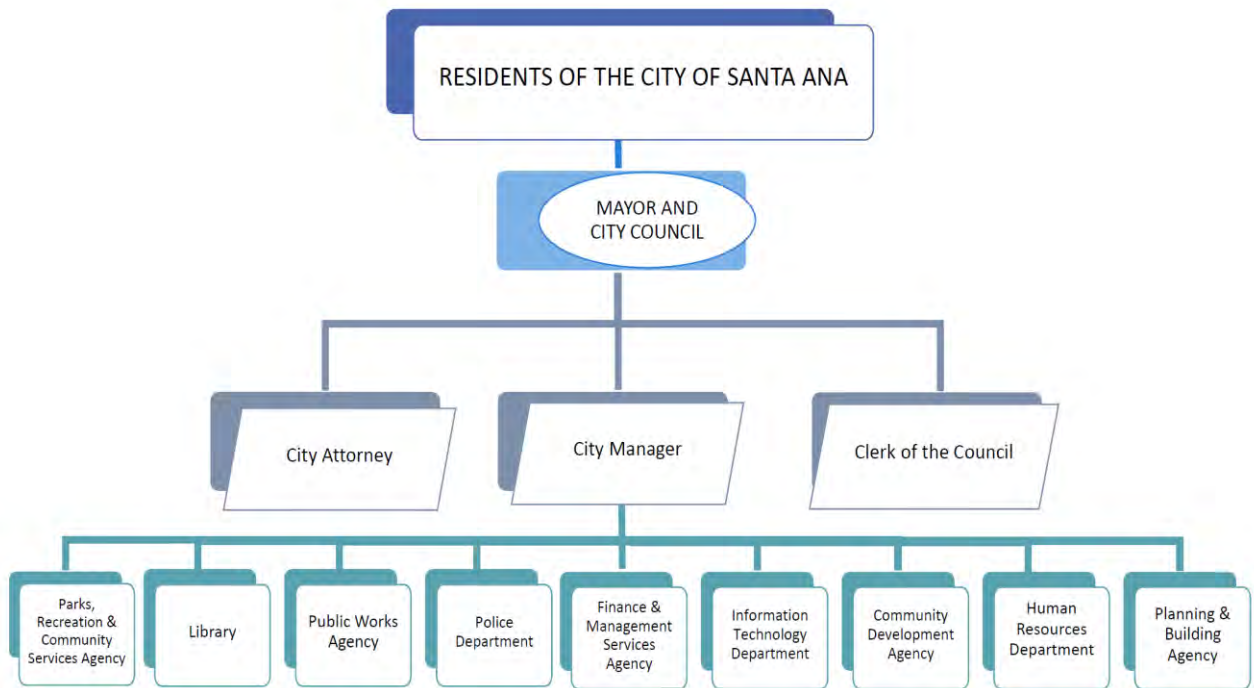
DAVID VALENTIN
POLICE CHIEF

PUBLIC WORKS AGENCY

NABIL SABA
EXECUTIVE DIRECTOR

Table of Organization

Fiscal Year 2019-2020



CITY OF SANTA ANA, CALIFORNIA

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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, 2020, 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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, Notes to the Required Supplementary Information, Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Plan Contributions for the Miscellaneous, Safety, and Supplementary Retirement Plans, and Schedule of Changes in the Total OPEB Liability and Related Ratios, 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 our 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.

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.

Other Matters (Continued)

Other Information (Continued)

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 10, 2020, 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 solely 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 effectiveness of the City's 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.



CliftonLarsonAllen LLP

Irvine, California
December 10, 2020

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 the fiscal year ended June 30, 2020. 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, and the City's basic financial statements in the financial section 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, 2020 by \$713.7 million (net position). The net position consists of the following amounts: \$998.8 million is net investment in capital assets, \$192.1 million is restricted for various programs and a deficit of \$(477.2) million is unrestricted. Similar to other cities in California, the City's unrestricted net position was negatively impacted with the implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), which required the City to record its unfunded liabilities for pension plans and other postemployment benefits (OPEB) plan in which it participates. The City's total net pension liability and OPEB liability were \$666.6 million and \$52.9 million respectively at the close of the current fiscal year. More information on the City's pension and OPEB plans can be found in Note 4 on pages 106 to 122 of this report.
- The City's total Cash and Investments (including restricted assets) at June 30, 2020 was \$361.2 million, which is an increase of \$43.1 million or 13.5 % from the prior fiscal year. The increase is largely as a result of \$48.2 million in additional sales tax shared revenue received for Measure X, for which the City received four (4) quarters of payments in the current fiscal year.
- The City's total capital assets increased \$7.7 million (0.7%) from the prior fiscal year. Capital assets in the governmental activities increased \$5.3 million (0.5%) and business-type activities capital assets increased \$2.4 (1.9%) million during the current fiscal year largely as a result of infrastructure segments related to capital projects such as the Warner Avenue improvements project and Bristol Street widening project.
- The City's total long-term liabilities including net pension liability, total OPEB liability, compensated absences, and claims payable increased \$20.4 million (2.3%) during the current fiscal which was largely attributable to an increase in net pension liability of \$34.1 million from fiscal year 2018-2019.
- The City's total unearned revenue increased \$12.9 million (339.5%) during the current fiscal year mainly due to advance CARES Act grant allocations received from the federal government, passed-thru the State and County.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$245.3 million, an increase of \$14.5 million (6.3%) as compared to the prior fiscal year. Of this amount, \$87.0 million or approximately 35.5% of total fund balances is available for spending at the City's discretion (assigned and unassigned fund balance). The City's restricted net position of \$158.3 million (64.5%) represents amounts available for ongoing programs with external restrictions.
- As of June 30, 2020, the combined restricted and assigned fund balance for the General Fund was \$23.4 million (24.0%). The remaining amount of fund balance designated as unassigned is \$74.0 million (76.0%), which is an increase of \$11.4 million from prior year.

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 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 183-187 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 66-124 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, Schedule of Changes in the Total OPEB Liability and Related Ratios. Required supplementary information can be found on pages 128-140 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 144-187 of this report.

Government-wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the City’s overall financial condition. This analysis addresses the financial statements of the City as a whole.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Assets:						
Cash and investments	\$ 263.2	\$ 215.9	\$ 98.0	\$ 102.2	\$ 361.2	\$ 318.1
Current and other assets	173.9	169.7	13.6	13.6	187.5	183.3
Capital assets	983.2	977.9	130.6	128.2	1,113.8	1,106.1
Total assets	<u>1,420.3</u>	<u>1,363.5</u>	<u>242.2</u>	<u>244.0</u>	<u>1,662.5</u>	<u>1,607.5</u>
Deferred outflows of resources:						
Unamortized loss on bond defeasance	3.7	3.9	0.2	0.3	3.9	4.2
Deferred amounts on pension plans	68.5	67.5	3.5	4.0	72.0	71.5
Deferred amounts on OPEB plan	2.6	2.6	0.4	0.4	3.0	3.0
Total deferred outflows of resources	<u>74.8</u>	<u>74.0</u>	<u>4.1</u>	<u>4.7</u>	<u>78.9</u>	<u>78.7</u>
Liabilities:						
Long-term liabilities	167.6	176.5	16.0	17.0	183.6	193.5
Net pension liability	633.3	600.2	33.3	32.3	666.6	632.5
Total OPEB liability	45.7	49.1	7.2	7.6	52.9	56.7
Other liabilities	99.3	70.6	11.6	12.6	110.9	83.2
Total liabilities	<u>945.9</u>	<u>896.3</u>	<u>68.1</u>	<u>69.5</u>	<u>1,014.0</u>	<u>965.8</u>
Deferred inflows of resources:						
Deferred amounts on pension plans	7.5	6.7	0.4	0.5	7.9	7.2
Deferred amounts on OPEB plan	5.0	1.7	0.8	0.2	5.8	1.9
Total deferred inflows of resources	<u>12.5</u>	<u>8.4</u>	<u>1.2</u>	<u>0.7</u>	<u>13.7</u>	<u>9.1</u>
Net position:						
Net investment in capital assets	881.9	877.2	116.9	113.7	998.8	990.9
Restricted	189.9	189.1	2.2	2.5	192.1	191.6
Unrestricted	(535.1)	(533.5)	57.9	62.3	(477.2)	(471.2)
Total net position	<u>\$ 536.7</u>	<u>\$ 532.8</u>	<u>\$ 177.0</u>	<u>\$ 178.5</u>	<u>\$ 713.7</u>	<u>\$ 711.3</u>

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 63.3	\$ 74.2	\$ 96.2	\$ 96.9	\$ 159.5	\$ 171.1
Operating grants and contributions	83.4	74.2	0.2	0.2	83.6	74.4
Capital grants and contributions	19.6	32.2	0.2	23.8	19.8	56.0
General revenues:						
Property taxes	85.9	81.6	-	-	85.9	81.6
Hotels visitors taxes	7.7	9.4	-	-	7.7	9.4
Utility users taxes	21.7	22.6	-	-	21.7	22.6
Business taxes	25.4	18.8	-	-	25.4	18.8
Franchise taxes	9.2	8.3	-	-	9.2	8.3
Other taxes	1.2	1.2	-	-	1.2	1.2
Intergovernmental, unrestricted:						
Motor vehicle licenses	0.2	0.2	-	-	0.2	0.2
State mandated costs & reimbursements	0.7	0.6	-	-	0.7	0.6
Sales tax shared revenue	108.5	67.2	-	-	108.5	67.2
Investment income (loss)	3.2	4.2	2.6	3.0	5.8	7.2
Total revenues	430.0	394.7	99.2	123.9	529.2	518.6
Expenses:						
General government	49.6	14.9	-	-	49.6	14.9
Human resources	2.4	2.3	-	-	2.4	2.3
Finance and management services	10.2	7.2	-	-	10.2	7.2
Museum	1.8	1.9	-	-	1.8	1.9
Library	4.9	5.3	-	-	4.9	5.3
Recreation and community services	26.7	26.8	-	-	26.7	26.8
Police department	175.7	184.3	-	-	175.7	184.3
Fire department	48.0	54.4	-	-	48.0	54.4
Planning and building	14.7	14.4	-	-	14.7	14.4
Public works	33.9	30.7	-	-	33.9	30.7
Community development	59.3	55.3	-	-	59.3	55.3
Interest on long-term debt	5.5	6.3	-	-	5.5	6.3
Water	-	-	51.8	48.9	51.8	48.9
Parking	-	-	5.5	6.5	5.5	6.5
Sewer	-	-	7.1	6.4	7.1	6.4
Sanitation	-	-	4.6	6.6	4.6	6.6
Refuse collections	-	-	20.5	18.0	20.5	18.0
Transportation center	-	-	1.5	1.4	1.5	1.4
Federal clean water protection	-	-	3.1	2.8	3.1	2.8
Total expenses	432.7	403.8	94.1	90.6	526.8	494.4
Increase in net position before transfers and capital contribution	(2.7)	(9.1)	5.1	33.3	2.4	24.2
Capital Contribution	-	-	-	-	-	-
Transfers	6.6	-	(6.6)	-	-	-
Change in net position	3.9	(9.1)	(1.5)	33.3	2.4	24.2
Net position beginning	532.8	541.9	178.5	145.2	711.3	687.1
Net position ending	\$ 536.7	\$ 532.8	\$ 177.0	\$ 178.5	\$ 713.7	\$ 711.3

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 \$713.7 million at the close of fiscal year 2019-20 reflecting a positive net position.

The largest portion of the City's net position totaling \$998.8 million represents 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, due to the fact capital assets themselves cannot be used to liquidate these liabilities.

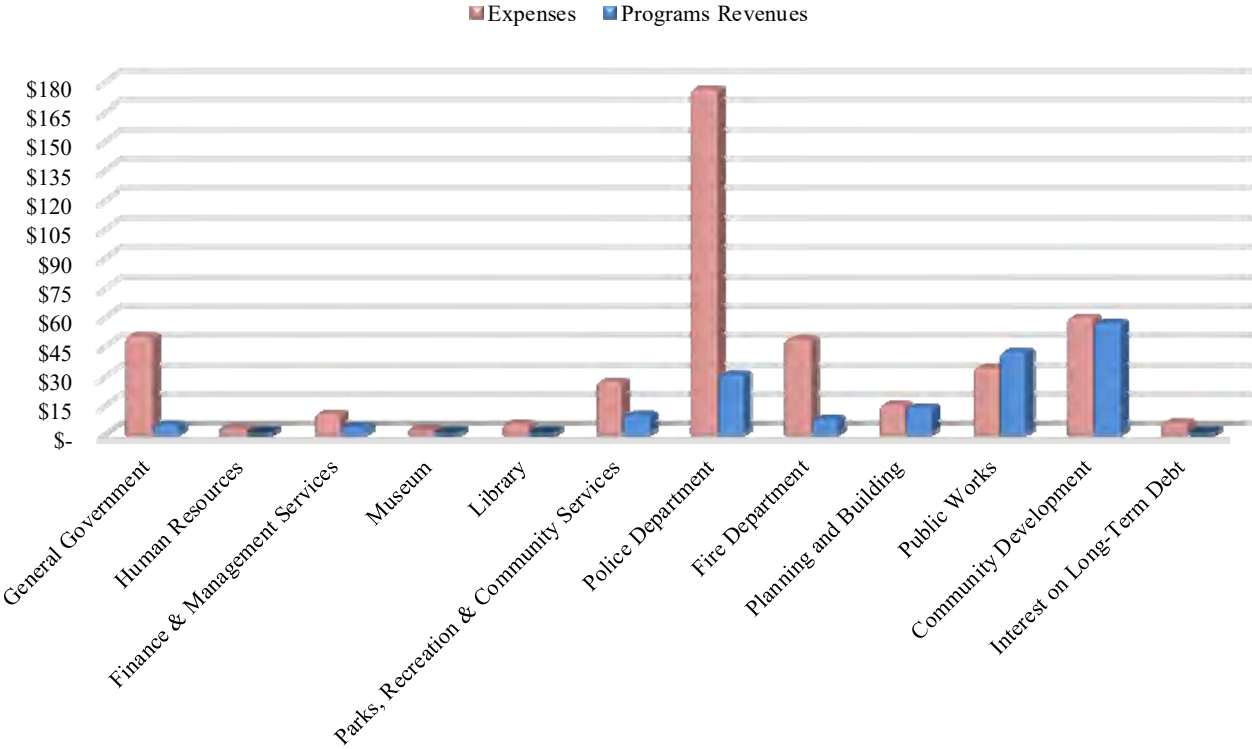
The second largest portion of the City's net position totaling \$192.1 million represents resources that are subject to external restrictions on how they may be used. The remaining portion of the City's net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors, subject to federal and state laws and regulations. Significant liabilities recorded for both the pensions and OPEB with the implementation of GASB 68 and GASB 75 contributed to a negative unrestricted net position of \$ (477.2) million.

Governmental activities. Governmental activities overall increased the City's net position by \$3.9 million compared to the prior fiscal year. The increase is largely because of a \$6.6 million transfer from the Refuse Fund enterprise related to both prior year residential and commercial franchise fees owed to the General Fund.

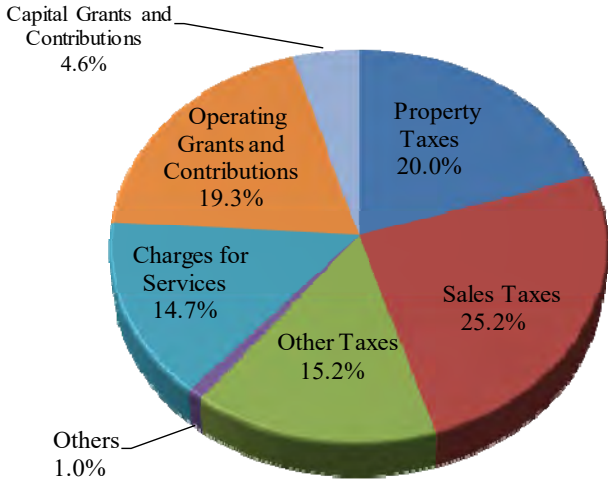
Governmental revenues increased \$35.3 million (8.9%) during the current fiscal year. Key elements related to the increase were \$41.3 million of Sales tax shared revenue and \$6.6 million increase in Business Taxes, attributable Adult-use Retail Business Cannabis Tax (Adult-use Retail Cannabis). Sales tax shared revenue increase from the prior year is largely as a result of the City receiving a full year of Measure X receipts (a component of Sales tax shared revenue) during fiscal year 2019-20. Adult-use retail Cannabis continues its strong performance as consumers switch consumption habits from Medical marijuana, which decreased during fiscal year 2019-20. The increases assisted with lower than anticipated charges for services in the amount of \$10.9 million when compared to the prior year due to the COVID-19 pandemic. Furthermore, the City received \$12.6 million less in Capital Grants and Contributions from the prior year, which was mainly due to project delays caused by temporary suspension of Measure M funds.

Governmental activities expenses increased \$28.9 million from the prior fiscal year. The increase is largely due to the \$34.7 million rise in the General Government expenses from the prior fiscal year, related to reclassifying Unfunded Pension liability costs from department specific budgets to general government (non-departmental). The change was to classify unfunded pension liability expenditures, which are legacy costs in nature. The rise in general government expenditures, resulting from reclassifying legacy pension costs, helped offset increases in salary and contractual costs within both the Police and Fire cost centers. As a result, both the Police and Fire budgets experienced lower expenditures on a year over year basis.

Expenses and Program Revenues – Governmental Activities



Revenue by Source – Governmental Activities

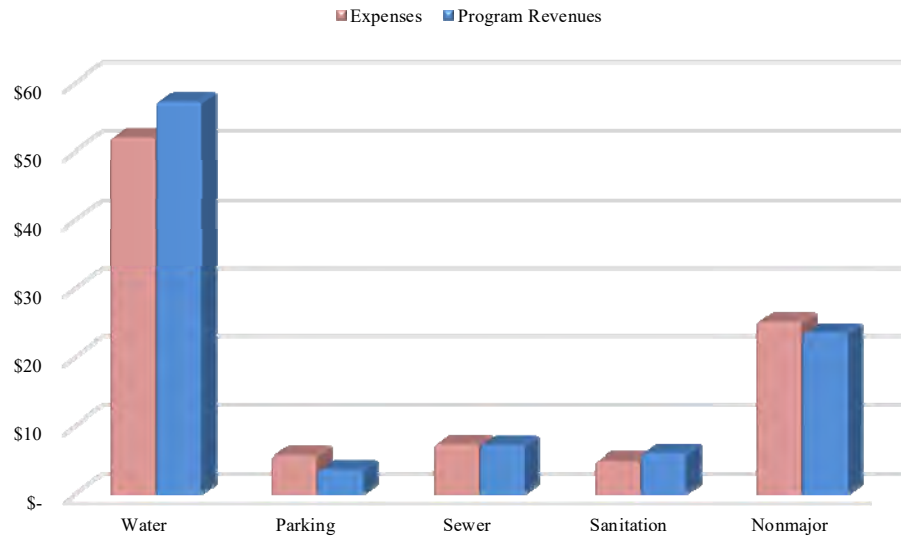


Business-type activities. Business-type activities decreased the City’s net position by \$1.5 million in comparison to the previous fiscal year. The decrease is mainly due to the following the following:

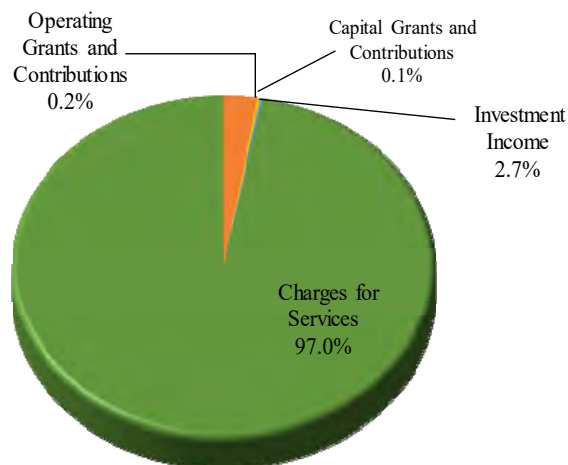
- The Water Fund net position increased \$5.4 million primarily due to an increase in meter charges and a decrease in wholesale water purchases.
- The Parking Fund net position decreased \$2.1 million primarily due to COVID-19 stay-at-home order, which negatively impacted revenues.

- The Sewer Fund net position did not have significant change during the current fiscal year. However, the \$24.7 million revenue decrease on a year over year basis was due to the Orange County Sanitation District transfer of certain local sewer systems totaling \$23.2 million during the prior fiscal year.
- The Sanitation Fund net position increased by \$1.5 million primarily due to decrease in personnel costs and transfers from the Federal Clean Water Protection Fund for street sweeping services.
- The Non-major Refuse Fund net position decreased by \$6.1 million due to a transfer of \$6.6 million to General Fund for franchise tax revenues.
- The \$3.5 million increase of business-type expenses was not significant compared to the prior fiscal year.

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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or the City Manager who has been authorized to assign resources for use for particular purposes by the Council.

As of the end of the current fiscal year, the City's governmental funds reported combined ending total fund balances of \$245.3 million of which \$65.5 million constitutes the *unassigned fund balance*. The Special Revenue Grants Fund and the Non-Major Governmental Funds, specifically Civic Center Maintenance and Capital Grants Fund(s) reported negative unassigned fund balances due to timing of receipts, which did not meet the revenue recognition criteria for governmental funds. The remainder of the total governmental fund balance is allocated as follows: 1) \$21.5 million assigned to both contractual obligations and continuing projects; 2) \$158.3 million is restricted by law or contractual agreements with other agencies for specific spending; and 3) \$0.01 million is for non-spendable items, such as prepaid expenses.

The Special Revenue Grants' ending fund balance decreased \$2.0 million during the current fiscal year. The decrease was primarily due to a delay in receiving grant reimbursements for road improvement projects.

The Special Revenue Housing Authority ending balance increased \$1.4 million during the current fiscal year as a result of slight increase in revenue associated with growth of the Housing Choice Vouchers Program.

The Special Revenue Gas Tax fund ending fund balance decreased \$2.0 million during the current fiscal year. The decrease is mostly due to additional expenditures for street improvement projects and costs associated with issuance of the Gas Tax Revenue Refunding Bonds.

The Capital Projects Housing Successor Agency fund balance decreased \$3.8 million. Expenditures continue to outpace revenues largely because of debt service obligations related to previously funded housing loans. However, the fund continues to maintain a healthy fund balance in the amount of \$29.2 million at year-end.

The Capital Projects Street Construction fund balance increased \$3.5 million during the current fiscal year. The increase is mostly due to project delays as a result of temporary suspension of Measure M funds. The most notable capital improvement projects are discussed in the government-wide financial analysis of governmental activities.

The Debt Service Santa Ana Financing Authority fund balanced increased \$0.02 million as compared to fiscal year 2018-19 mainly due to investment income earned during the current fiscal year.

General Fund Financial Highlights

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 \$97.4 million (\$2.0 million is restricted; \$21.4 million is assigned for various programs and services; and the unassigned amount of \$74.0 million which includes the City's Operating Reserve, Economic Uncertainty account, and one-time funds).

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 \$74.0 million, or 24.0% of total fiscal year 2019-20 General Fund expenditures and transfers out.

The General Fund's total revenues increased \$47.7 million as compared to the prior fiscal year primarily due to a higher Sales Tax shared revenue because of full year of Measure X receipts and an increase in revenues related to the cannabis program. During the current fiscal year, Property Taxes increased by \$4.3 million as compared to the prior fiscal year. However, the City noted a decrease in Sales Tax, Hotel Visitors Tax, and Utility User Tax by \$5.6 million, \$1.7 million, and \$1.4 million respectively mostly due to the COVID-19 pandemic.

The General Fund's total expenditures increased \$38.3 million as compared to the prior fiscal year primarily due to an increase in the total salaries and required contribution for the unfunded liability pension costs related to pension. During the current fiscal year, the City's General Fund expenditures were less than budget. However, actual expenditures increased year over year as a result of the City providing its employees cost of living adjustments and scheduled increases related to CalPERS retirement costs.

General Government expenditures increased by \$33.5 million to \$45.3 million mainly due to reclassifying Unfunded Pension liability costs from department specific budgets to general government (non-departmental).

General Fund Budgetary Highlights

During the year, there was a decrease totaling \$7.0 million between the original and final amended budgeted revenues. The amendment was largely a result of \$6.6 million increase in transfer from Refuse fund and additional projects added by Public Works throughout the year. The COVID-19 pandemic affected several revenue sources as follows: the Bradley-Burns allocation of Sales Tax decreased by \$2.5 million, Hotel Visitors Tax decreased by \$2.8 million, Business Tax decreased by \$2.0 million, and Parking/Building Permits decreased by \$2.3 million.

Actual General Fund revenues were not significantly different from the final budget, due to subsequent revenue adjustments in reaction to the COVID-19 pandemic. On a more positive note, the city's total adult-use cannabis revenue was approximately \$2.2 million higher than the final budget, which helped reduce overall impact due to lower Sales Tax and Hotel Visitors Tax receipts.

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 most significant factors of each fund's change in fund net position are discussed in the government-wide financial analysis of business-type activities.

Unrestricted net position related to business-type activities decreased \$4.4 million for a total amount of \$57.9 million. The decrease is largely due to \$6.6 million transfer to General Fund from Refuse Enterprise Fund for franchise tax revenues.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities was \$1,113.8 million (net of accumulated depreciation) as of June 30, 2020. The investment in capital assets includes land, right of way, street trees, construction in progress, buildings, improvements, equipment, library materials, computer software and infrastructure.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 17.5	\$ 17.5	\$ 9.3	\$ 9.3	\$ 26.8	\$ 26.8
Right of way	503.5	493.7	-	-	503.5	493.7
Street trees	8.0	8.1	-	-	8.0	8.1
Construction in progress	113.0	108.8	10.3	14.5	123.3	123.3
Buildings	42.5	47.6	1.0	1.2	43.5	48.8
Improvements	49.5	48.3	89.9	85.7	139.4	134.0
Equipment	11.0	10.8	9.0	6.0	20.0	16.8
Infrastructure	235.9	240.1	11.0	11.4	246.9	251.5
Library materials	0.7	0.8	-	-	0.7	0.8
Computer software	1.6	2.2	0.1	0.2	1.7	2.4
Total	\$ 983.2	\$ 977.9	\$ 130.6	\$ 128.3	\$ 1,113.8	\$ 1,106.2

At the end of the current fiscal year, the City's total capital assets increased by \$7.7 million (0.7%). The increase is primarily due to ongoing infrastructure projects, denoted as Construction in Progress, during the current fiscal year. Highlights of the major projects include the Bristol Street Widening: Washington to 17th Phase 3B; Walnut Pump Station Building Improvement and 6th & Lacy Park Development. Additional information on the City's capital assets can be found in Note 3B on page 83 – 85 of this report.

Long-term debt. At the end of the current fiscal year, the City's total outstanding long-term liability was \$183.6 million. Of this amount, \$71.8 million comprised of debt backed by the full faith and credit of the City, \$29.8 million represents bonds secured solely by specified revenue sources, and \$12.6 million in capital lease obligations and long-term loans.

**City of Santa Ana
Summary of Changes in Long-term Liabilities**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Capital lease obligations	\$ 2.6	\$ 3.0	\$ -	\$ -	\$ 2.6	\$ 3.0
Certificates of participation	-	55.9	-	-	-	55.9
Gas tax refunding bonds	41.9	-	-	-	41.9	-
Lease revenue bonds	15.9	19.3	12.3	13.0	28.2	32.3
Long-term loans and other payables	1.9	1.1	-	-	1.9	1.1
Net Bond discount/premium	8.5	(0.7)	1.6	1.8	10.1	1.1
Notes from direct borrowings	29.5	34.6	-	-	29.5	34.6
Compensated absences payable	26.2	22.8	2.1	2.2	28.3	25.0
Claims payable	41.1	40.5	-	-	41.1	40.5
Total	\$ 167.6	\$ 176.5	\$ 16.0	\$ 17.0	\$ 183.6	\$ 193.5

At the end of the current fiscal year, Governmental Activities long-term debt decreased by \$8.9 million primarily due to \$9.9 million principal repayment of existing debt and savings from refinancing the Gas Tax Certificate of Participation. The long-term debt associated with Business-type Activities decreased \$1.0 million due to the principal repayment of existing debt and no new issuance of debt. Additional information on the City's long-term debt may also be found in Note 3D on pages 88 through 98.

Economic Factors and Next Year's Budget and Rates

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The stay at-home order, loss of wages, closure of restaurants, retail and many other business may have significant impact on sales tax revenue. Other revenue sources likely to be the most impacted by the pandemic next fiscal year include but not limited to the following: Hotel Visitors Tax, Business License Tax, Permit and Plan Check Fees, Zoo, Recreation and Library Fees, and Parking Fines. As a result, next fiscal year's budget reflects a hiring freeze and deferral of programs and projects, while still maintaining funding for core services.

One of the main factors affecting the City's economic condition is the public pensions and their sustainability. CalPERS utilizes various assumptions to estimate the net pension liability and the required contributions in order to meet future pension obligations. One of those assumptions is the discount rate, which may significantly impact the City's total net pension liability. Additional information about the City's pension plans can be found in Note 4 E and F on pages 106 through 118.

The Total OPEB liability also has a long-term fiscal impact on the City's total net position. The City has evaluated various options to explore a long-term solution to the impact of the OPEB liability including but not limited to establishing an OPEB trust account to pre-fund the liability.

Additional factors affecting the City's upcoming budget are potential changes to its miscellaneous fee structure, addressing its deferred maintenance needs, liability claims and premiums along with anticipated health care costs. As part of its emphasis on future economic development efforts to strengthen the City's revenue base, the City will explore opportunities for commercial and residential developments.

The City will continue to build upon its budget and financial policies to ensure future fiscal sustainability. The City's unassigned account balances as of June 30, 2020 are as follows:

<u>Account Name</u>	<u>Amount</u>
• Operating Reserve	\$ 53.1 million
• Economic Uncertainty Reserve	\$ 3.2 million
• Unallocated (available for One-Time Funding)	\$ 17.7 million

The funding of the above-referenced accounts provides the Mayor and City Council a tool to navigate a potential economic downturn. Additionally, the City maintains an unassigned fund balance available for potential future appropriation and/or address projected budgetary deficits. The initiatives and funding of the reserve/stability funds are aligned with the City's annual completion of its long-term forecast, which identifies potential factors that may create revenue or expenditure variances and the use of one-time funds to balance projected budgetary deficits.

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 Finance & Management Services Agency at 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, 2020

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 250,239,245	\$ 97,013,937	\$ 347,253,182
Receivables:			
Taxes	4,746,881	-	4,746,881
Interest	799,619	292,336	1,091,955
Accounts, net of allowances	3,709,585	15,182,474	18,892,059
Intergovernmental	58,614,525	-	58,614,525
Loans and notes	85,515,093	-	85,515,093
Internal balances	1,871,852	(1,871,852)	-
Inventory of supplies	960,843	-	960,843
Prepaid items	13,425	-	13,425
Restricted assets:			
Cash and investments	10,273,775	955,040	11,228,815
Cash and investments with fiscal agents	2,158,318	-	2,158,318
Pension stability fund	522,042	-	522,042
Land held for resale	17,658,530	-	17,658,530
Capital assets, not being depreciated	642,122,437	19,613,347	661,735,784
Capital assets, being depreciated, net of accumulated depreciation	341,133,988	110,965,887	452,099,875
Total assets	<u>1,420,340,158</u>	<u>242,151,169</u>	<u>1,662,491,327</u>
Deferred outflows of resources:			
Unamortized loss on bond defeasance	3,744,799	247,735	3,992,534
Deferred amounts on pension plans	68,496,806	3,498,721	71,995,527
Deferred amounts on OPEB plan	2,549,202	403,632	2,952,834
Total deferred outflows of resources	<u>74,790,807</u>	<u>4,150,088</u>	<u>78,940,895</u>
Liabilities:			
Accounts payable	20,642,258	9,690,292	30,332,550
Interest payable	322,142	196,692	518,834
Retention payable	1,011,191	169,605	1,180,796
Due to other governmental agencies	55,715,417	-	55,715,417
Deposits	5,208,307	1,115,885	6,324,192
Grant advances	-	78,837	78,837
Unearned revenue	16,367,945	327,578	16,695,523
Long-term liabilities- due within one year	17,520,288	1,319,522	18,839,810
Claims payable- due within one year	12,028,750	-	12,028,750
Due in more than one year			
Long-term liabilities	109,012,182	14,731,010	123,743,192
Net pension liability	633,269,881	33,266,215	666,536,096
Total OPEB liability	45,699,538	7,235,913	52,935,451
Claims payable	29,091,135	-	29,091,135
Total liabilities	<u>945,889,034</u>	<u>68,131,549</u>	<u>1,014,020,583</u>
Deferred inflows of resources:			
Deferred amounts on pension plans	7,483,482	427,803	7,911,285
Deferred amounts on OPEB plan	4,981,018	788,681	5,769,699
Total deferred inflows of resources	<u>12,464,500</u>	<u>1,216,484</u>	<u>13,680,984</u>
Net Position:			
Net investment in capital assets	881,919,129	116,853,777	998,772,906
Restricted for:			
Debt service	159,517	-	159,517
Capital projects	41,834,811	-	41,834,811
National pollution discharge elimination system	-	2,215,868	2,215,868
Community Development	7,787,555	-	7,787,555
Community Services & Planning	47,657	-	47,657
Recreation & Community Services	2,264,292	-	2,264,292
Public Safety	6,007,316	-	6,007,316
Public Works	97,359,996	-	97,359,996
Special revenue housing authority projects	33,961,458	-	33,961,458
Pension stability	522,042	-	522,042
Unrestricted	(535,086,342)	57,883,579	(477,202,763)
Total net position	<u>\$ 536,777,431</u>	<u>\$ 176,953,224</u>	<u>\$ 713,730,655</u>

See accompanying Notes to the Basic Financial Statements.

Statement of Activities
Year ended June 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 49,565,886	3,902,743	350,663	-
Human resources	2,364,736			
Finance and management services	10,176,954	3,029,071	319,344	-
Museum	1,811,092	-	-	-
Library	4,893,281	36,087	2,000	-
Recreation and community services	26,704,458	3,419,764	5,180,201	874,754
Police department	175,738,760	22,172,954	8,247,208	-
Fire department	48,009,032	7,381,624	-	-
Planning and building	14,730,213	13,178,774	304,276	-
Public works	33,927,248	8,997,291	15,203,120	17,214,568
Community development	59,293,106	1,148,509	53,766,635	1,505,615
Interest on long-term debt	5,517,131	-	-	-
Total governmental activities	\$ 432,731,897	63,266,817	83,373,447	19,594,937
Business-type activities:				
Water	51,762,802	57,061,740	-	-
Parking	5,536,880	3,475,819	-	-
Sewer	7,120,397	6,947,095	-	-
Sanitation	4,650,733	5,783,863	-	-
Refuse collections	20,474,973	21,590,462	210,667	-
Transportation center	1,525,319	641,715	-	-
Federal clean water protection	3,070,912	688,900	-	169,828
Total business-type activities	94,142,016	96,189,594	210,667	169,828
Total	\$ 526,873,913	159,456,411	83,584,114	19,764,765
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				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
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
\$ (45,312,480)	\$ -	\$ (45,312,480)
(2,364,736)	-	(2,364,736)
(6,828,539)	-	(6,828,539)
(1,811,092)	-	(1,811,092)
(4,855,194)	-	(4,855,194)
(17,229,739)	-	(17,229,739)
(145,318,598)	-	(145,318,598)
(40,627,408)	-	(40,627,408)
(1,247,163)	-	(1,247,163)
7,487,731	-	7,487,731
(2,872,347)	-	(2,872,347)
(5,517,131)	-	(5,517,131)
\$ (266,496,696)	\$ -	\$ (266,496,696)
-	5,298,938	5,298,938
-	(2,061,061)	(2,061,061)
-	(173,302)	(173,302)
-	1,133,130	1,133,130
-	1,326,156	1,326,156
-	(883,604)	(883,604)
-	(2,212,184)	(2,212,184)
-	2,428,073	2,428,073
\$ (266,496,696)	\$ 2,428,073	\$ (264,068,623)
85,935,158	-	85,935,158
7,739,780	-	7,739,780
21,710,236	-	21,710,236
25,435,245	-	25,435,245
9,171,405	-	9,171,405
1,198,890	-	1,198,890
267,287	-	267,287
735,062	-	735,062
108,452,054	-	108,452,054
3,176,457	2,641,963	5,818,420
6,625,120	(6,625,120)	-
270,446,694	(3,983,157)	266,463,537
3,949,998	(1,555,084)	2,394,914
532,827,433	178,508,308	711,335,741
\$ 536,777,431	\$ 176,953,224	\$ 713,730,655



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, deferred inflows of resources, 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, 2020**

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Assets				
Cash and investments	\$ 85,819,885	\$ 17,568,374	\$ 5,232,275	\$ 21,739,779
Receivables, net of allowances:				
Taxes	4,746,881	-	-	-
Interest	306,816	58,552	8,165	70,683
Accounts	3,180,614	441,843	8,593	-
Intergovernmental	19,903,359	7,433,077	44,243	1,530,641
Loans and notes	-	56,625,093	-	-
Prepaid items	-	-	13,425	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	1,475,047	2,689	603,445	25
Pension stability funds	522,042	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>115,954,644</u>	<u>82,129,628</u>	<u>5,910,146</u>	<u>23,341,128</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities:				
Accounts payable	9,607,560	3,687,931	4,797	189,481
Interest payable	20,461	-	-	-
Retention payable	259,058	136,999	-	-
Due to other funds	-	-	-	-
Due to other governmental agencies	8,008	55,543,124	3,928	-
Grant advances	-	12,968,655	531,349	-
Deposits	4,604,212	-	603,445	-
Advances payable to other funds	1,460,000	-	-	-
Unearned revenue	2,467,518	-	-	-
Total liabilities	<u>18,426,817</u>	<u>72,336,709</u>	<u>1,143,519</u>	<u>189,481</u>
Deferred inflows of resources:				
Unavailable revenues	103,926	3,441,507	21,258	23,832
Fund balances:				
Nonspendable	-	-	13,425	-
Restricted	1,997,089	9,688,211	4,731,944	23,127,815
Assigned	21,457,380	-	-	-
Unassigned	73,969,432	(3,336,799)	-	-
Total fund balances	<u>97,423,901</u>	<u>6,351,412</u>	<u>4,745,369</u>	<u>23,127,815</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 115,954,644</u>	<u>\$ 82,129,628</u>	<u>\$ 5,910,146</u>	<u>\$ 23,341,128</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
\$ 3,672,672	\$ 18,932,607	\$ 159,517	\$ 44,276,166	\$ 197,401,275
-	-	-	-	4,746,881
11,093	62,364	-	133,566	651,239
-	-	-	78,535	3,709,585
-	23,497,653	-	6,205,552	58,614,525
22,745,000	-	-	6,145,000	85,515,093
-	-	-	-	13,425
-	7,422,694	-	2,615,836	10,038,530
4,587	72,525	-	-	2,158,318
-	-	-	-	522,042
2,855,050	14,803,480	-	-	17,658,530
<u>29,288,402</u>	<u>64,791,323</u>	<u>159,517</u>	<u>59,454,655</u>	<u>381,029,443</u>
87,077	3,605,889	-	2,077,585	19,260,320
-	-	-	-	20,461
-	309,751	-	305,383	1,011,191
-	-	-	4,854,818	4,854,818
-	160,357	-	-	55,715,417
-	400,423	-	-	13,900,427
-	650	-	-	5,208,307
-	-	-	-	1,460,000
-	-	-	-	2,467,518
<u>87,077</u>	<u>4,477,070</u>	<u>-</u>	<u>7,237,786</u>	<u>103,898,459</u>
<u>3,740</u>	<u>22,935,938</u>	<u>-</u>	<u>5,292,705</u>	<u>31,822,906</u>
-	-	-	-	13,425
29,197,585	37,378,315	159,517	52,047,164	158,327,640
-	-	-	-	21,457,380
-	-	-	(5,123,000)	65,509,633
<u>29,197,585</u>	<u>37,378,315</u>	<u>159,517</u>	<u>46,924,164</u>	<u>245,308,078</u>
<u>\$ 29,288,402</u>	<u>\$ 64,791,323</u>	<u>\$ 159,517</u>	<u>\$ 59,454,655</u>	<u>\$ 381,029,443</u>



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020**

Fund balances of governmental funds	\$ 245,308,078	
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 net capital assets of the internal service funds of \$4,729,333 which are reported below.		
Capital assets	1,465,378,123	
Accumulated depreciation	(486,851,031)	
Total capital assets used in governmental activities	<u>978,527,092</u>	
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	(2,628,034)	
Revenue refunding bond	(41,885,000)	
Lease revenue bonds	(15,892,500)	
Notes from direct borrowings	(29,480,430)	
Long-term loans & other payables	(1,898,200)	
Compensated absences payable	(23,979,495)	
Bond premium	(8,542,560)	
Unamortized loss on bond defeasance	3,744,799	
Total governmental activities long-term debt	<u>(120,561,420)</u>	
Pension related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts affects only the government-wide statement for governmental activities.		
Deferred outflows of resources from pension	63,165,277	
Deferred inflows of resources from pension	(6,832,340)	
Net pension liability	<u>(580,050,070)</u>	(523,717,133)
OPEB related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to postemployment benefits are only reported in the Statement of Net Position as the changes in these amounts affects only the government-wide statement for governmental activities.		
Deferred outflows of resources from OPEB	2,066,772	
Deferred inflows of resources from OPEB	(4,038,377)	
Total OPEB liability	<u>(37,051,040)</u>	(39,022,645)
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.		(301,681)
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental fund.		31,822,906
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.		<u>(35,277,766)</u>
Net position of governmental activities	\$	<u><u>536,777,431</u></u>

See accompanying Notes to the Basic Financial Statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2020

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Revenues:				
Taxes	\$ 151,190,715	-	-	-
License and permits	5,215,322	-	-	-
Intergovernmental	110,861,657	19,374,575	39,846,977	13,662,012
Charges for services	17,460,104	16,000	-	-
Fines and forfeits	5,916,559	-	-	-
Investment income	1,981,897	506,769	53,065	737,775
Cost recoveries	13,740,176	7,853	53,373	-
Rental income	16,714,523	422,626	-	-
Miscellaneous	121,356	463,753	138,157	-
Total revenues	<u>323,202,309</u>	<u>20,791,576</u>	<u>40,091,572</u>	<u>14,399,787</u>
Expenditures:				
Current:				
General government	45,321,534	167,539	-	-
Human resources	2,070,213	-	-	-
Finance and management services	8,696,994	466,778	-	-
Museum	1,472,977	-	-	-
Library	4,304,748	2,000	-	-
Recreation and community services	18,900,061	159,887	-	-
Police department	133,356,220	3,424,373	-	-
Fire department	47,480,567	-	-	-
Planning and building	12,991,719	743,298	-	-
Public works	10,044,017	52,235	-	4,093,460
Community development	2,910,203	9,184,477	38,703,362	-
Pass-through payments to districts and other agencies	-	3,122,200	-	-
Capital Outlay	7,071,511	5,486,997	-	-
Debt Service:				
Principal	1,871,017	-	-	58,705,000
Interest and fiscal charges	573,995	-	-	2,322,661
Total expenditures	<u>297,065,776</u>	<u>22,809,784</u>	<u>38,703,362</u>	<u>65,121,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,136,533</u>	<u>(2,018,208)</u>	<u>1,388,210</u>	<u>(50,721,334)</u>
Other financing sources (uses):				
Transfers in	6,632,780	-	-	-
Transfers out	(10,757,640)	-	-	(4,767,497)
Sales of capital assets	-	-	-	-
Issuance of refunding debt	-	-	-	44,650,000
Payment to refunded bond escrow agent	-	-	-	8,798,099
Total other financing sources (uses)	<u>(4,124,860)</u>	<u>-</u>	<u>-</u>	<u>48,680,602</u>
Net change in fund balances	22,011,673	(2,018,208)	1,388,210	(2,040,732)
Fund balances - beginning	75,412,228	8,369,620	3,357,159	25,168,547
Fund balances - ending	<u>\$ 97,423,901</u>	<u>6,351,412</u>	<u>4,745,369</u>	<u>23,127,815</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
-	232,338	-	174,974	\$ 151,598,027
-	17,762	-	-	5,233,084
-	7,510,968	-	7,084,874	198,341,063
-	491,985	-	1,805,593	19,773,682
-	-	-	-	5,916,559
1,329,690	484,730	4,204	800,426	5,898,556
-	1,074,012	-	1,984,669	16,860,083
27,467	107,727	-	-	17,272,343
14,724	992,869	-	67,557	1,798,416
<u>1,371,881</u>	<u>10,912,391</u>	<u>4,204</u>	<u>11,918,093</u>	<u>422,691,813</u>
-	-	-	-	45,489,073
-	-	-	14,052	2,084,265
-	-	-	-	9,163,772
-	-	-	-	1,472,977
-	-	-	-	4,306,748
-	-	-	4,274,380	23,334,328
-	-	-	2,552,577	139,333,170
-	-	-	-	47,480,567
-	-	-	72,250	13,807,267
-	1,380,079	-	69,017	15,638,808
5,188,586	-	-	1,832,902	57,819,530
-	-	-	-	3,122,200
-	13,946,093	-	8,806,980	35,311,581
-	-	7,697,500	4,576	68,278,093
-	-	2,079,305	-	4,975,961
<u>5,188,586</u>	<u>15,326,172</u>	<u>9,776,805</u>	<u>17,626,734</u>	<u>471,618,340</u>
<u>(3,816,705)</u>	<u>(4,413,781)</u>	<u>(9,772,601)</u>	<u>(5,708,641)</u>	<u>(48,926,527)</u>
-	4,767,497	9,789,200	1,179,400	22,368,877
-	-	-	-	(15,525,137)
-	3,137,742	-	-	3,137,742
-	-	-	-	44,650,000
-	-	-	-	8,798,099
<u>-</u>	<u>7,905,239</u>	<u>9,789,200</u>	<u>1,179,400</u>	<u>63,429,581</u>
(3,816,705)	3,491,458	16,599	(4,529,241)	14,503,054
<u>33,014,290</u>	<u>33,886,857</u>	<u>142,918</u>	<u>51,453,405</u>	<u>230,805,024</u>
<u>29,197,585</u>	<u>37,378,315</u>	<u>159,517</u>	<u>46,924,164</u>	<u>\$ 245,308,078</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, 2020**

Net change in fund balances-total governmental funds \$ 14,503,054

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 \$127,209 in additions, \$299,301 in deletions, and \$1,562,884 in depreciation expense.

Capital outlay	36,398,972	
Depreciation expense	(23,435,947)	
Loss on disposal of capital assets	<u>(6,172,102)</u>	6,790,923

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund. 4,131,577

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	55,940,000	
Revenue refunding bond	2,765,000	
Lease revenue bonds	3,407,500	
Notes from direct borrowings	5,057,563	
Long-term loans & other payables	<u>708,391</u>	
Total principal repayments		67,878,454
Proceeds from refunding bond		(45,743,521)
Amortization of bond premium and discount		(9,225,025)
Amortization of deferred charges on refunding		(141,883)
Net change in compensated absences		<u>(3,083,073)</u>
		9,684,952

Accrued interest for long term liabilities including bonds payable. This is the net change in accrued interest for the current period. 33,951

Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources. (30,495,212)

OPEB expense reported in the governmental funds includes the insurance premiums paid. In the Statement of Activities, OPEB expense includes the change in the OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources. 207,252

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. (906,499)

Change in net position of governmental activities \$ 3,949,998

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, 2020

	Water	Parking	Sewer
Assets:			
Current assets:			
Cash and investments	\$ 47,703,820	-	31,590,795
Receivables:			
Interest	143,505	83	94,712
Accounts, net of allowances	9,661,692	-	1,241,793
Due from other funds	-	-	-
Inventory of supplies	-	-	-
Total current assets	<u>57,509,017</u>	<u>83</u>	<u>32,927,300</u>
Noncurrent assets:			
Advances to other funds	-	-	-
Restricted cash and investments	955,040	-	-
Capital assets:			
Land	1,892,808	3,591,049	-
Buildings	223,583	-	-
Improvements other than buildings	145,535,696	-	41,076,307
Equipment	17,989,008	694,867	2,228,103
Parking structures	-	17,884,119	-
Construction in progress	3,455,918	-	1,651,261
Computer software	278,589	-	-
Less accumulated depreciation	(83,817,815)	(9,977,606)	(25,940,565)
Total noncurrent assets	<u>86,512,827</u>	<u>12,192,429</u>	<u>19,015,106</u>
Total assets	<u>144,021,844</u>	<u>12,192,512</u>	<u>51,942,406</u>
Deferred outflows of resources:			
Unamortized loss on bond defeasance	247,735	-	-
Deferred amounts on pension plans	1,416,659	252,638	590,305
Deferred amounts on OPEB plan	163,053	23,367	61,588
Total deferred outflow of resources	<u>1,827,447</u>	<u>276,005</u>	<u>651,893</u>
Liabilities:			
Current liabilities:			
Accounts payable	8,625,544	207,713	165,017
Retention payable	76,174	-	66,299
Due to other funds	-	59,307	-
Compensated absences payable	226,594	104,214	75,409
Interest payable	196,692	-	-
Grant advances	-	-	-
Deposits payable	1,104,885	-	-
Unearned revenue	-	-	-
Claims payable	-	-	-
Revenue bonds payable	785,000	-	-
Total current liabilities	<u>11,014,889</u>	<u>371,234</u>	<u>306,725</u>
Noncurrent liabilities:			
Compensated absences payable	679,781	312,641	226,228
Claims payable	-	-	-
Net pension liability	13,469,791	2,402,144	5,612,640
Total OPEB liability	2,923,071	418,896	1,104,069
Revenue bonds payable	13,127,446	-	-
Total noncurrent liabilities	<u>30,200,089</u>	<u>3,133,681</u>	<u>6,942,937</u>
Total liabilities	<u>41,214,978</u>	<u>3,504,915</u>	<u>7,249,662</u>
Deferred inflows of resources:			
Deferred amounts on pension plans	173,219	30,902	72,174
Deferred amounts on OPEB plan	318,600	45,659	120,338
Total deferred inflows of resources	<u>491,819</u>	<u>76,561</u>	<u>192,512</u>
Net position:			
Net investment in capital assets	71,925,761	12,192,429	18,948,807
Restricted for :			
National pollution discharge elimination system	-	-	-
Unrestricted	32,216,733	(3,305,388)	26,203,318
Total net position (deficit)	<u>\$ 104,142,494</u>	<u>8,887,041</u>	<u>45,152,125</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

		Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Sanitation	Nonmajor	Total		
7,284,858	10,434,464	\$	97,013,937	\$ 52,837,970
22,277	31,759		292,336	148,380
873,414	3,405,575		15,182,474	-
-	-		-	6,866,801
-	-		-	960,843
<u>8,180,549</u>	<u>13,871,798</u>		<u>112,488,747</u>	<u>60,813,994</u>
-	-		-	1,460,000
-	-		955,040	235,245
-	3,792,491		9,276,348	-
-	8,607,909		8,831,492	-
-	4,196,564		190,808,567	859,017
568,680	59,890		21,540,548	21,790,872
-	4,817,296		22,701,415	-
-	5,229,820		10,336,999	-
-	-		278,589	6,493,843
(37,480)	(13,421,258)		(133,194,724)	(24,414,399)
<u>531,200</u>	<u>13,282,712</u>		<u>131,534,274</u>	<u>6,424,578</u>
<u>8,711,749</u>	<u>27,154,510</u>		<u>244,023,021</u>	<u>67,238,572</u>
-	-		247,735	-
896,686	342,433		3,498,721	5,331,529
107,263	48,361		403,632	482,430
<u>1,003,949</u>	<u>390,794</u>		<u>4,150,088</u>	<u>5,813,959</u>
77,153	614,865		9,690,292	1,381,938
-	27,132		169,605	-
-	1,812,545		1,871,852	140,131
73,194	55,111		534,522	556,564
-	-		196,692	-
-	78,837		78,837	-
-	11,000		1,115,885	-
-	327,578		327,578	-
-	-		-	12,028,750
-	-		785,000	-
<u>150,347</u>	<u>2,927,068</u>		<u>14,770,263</u>	<u>14,107,383</u>
219,582	165,332		1,603,564	1,669,687
-	-		-	29,091,135
8,525,810	3,255,830		33,266,215	53,219,811
1,922,895	866,982		7,235,913	8,648,498
-	-		13,127,446	-
<u>10,668,287</u>	<u>4,288,144</u>		<u>55,233,138</u>	<u>92,629,131</u>
<u>10,818,634</u>	<u>7,215,212</u>		<u>70,003,401</u>	<u>106,736,514</u>
109,636	41,872		427,803	651,142
209,587	94,497		788,681	942,641
<u>319,223</u>	<u>136,369</u>		<u>1,216,484</u>	<u>1,593,783</u>
531,200	13,255,580		116,853,777	4,729,333
-	2,215,868		2,215,868	-
(1,953,359)	4,722,275		57,883,579	(40,007,099)
<u>(1,422,159)</u>	<u>20,193,723</u>	\$	<u>176,953,224</u>	\$ <u>(35,277,766)</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2020

	Water	Parking	Sewer
Operating revenues:			
Charges for services	\$ 56,665,706	3,161,770	6,947,095
Miscellaneous	396,034	314,049	-
Total operating revenues	<u>57,061,740</u>	<u>3,475,819</u>	<u>6,947,095</u>
Operating expenses:			
Personnel services	6,872,423	1,860,744	2,519,596
Contractual services	19,859,140	2,804,794	2,072,454
Materials and supplies	11,424,668	26,391	454,818
Administrative charges	10,258,676	424,155	1,378,995
Insurance	-	-	-
Provision for self-insured losses	-	-	-
Depreciation	2,741,712	420,796	694,534
Total operating expenses	<u>51,156,619</u>	<u>5,536,880</u>	<u>7,120,397</u>
Operating income (loss)	<u>5,905,121</u>	<u>(2,061,061)</u>	<u>(173,302)</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	-
Net increase in the fair value of investment	536,340	-	274,665
Investment earnings	821,458	9,519	573,217
Interest expense	(509,663)	-	-
Loss on disposal of capital assets	(96,520)	-	-
Total nonoperating revenues (expenses)	<u>751,615</u>	<u>9,519</u>	<u>847,882</u>
Income (loss) before transfers and capital contributions	<u>6,656,736</u>	<u>(2,051,542)</u>	<u>674,580</u>
Capital contributions	-	-	-
Transfers in	-	-	-
Transfers out	(1,258,323)	(451)	(298,330)
Change in net position	<u>5,398,413</u>	<u>(2,051,993)</u>	<u>376,250</u>
Net position (deficit) - beginning	<u>98,744,081</u>	<u>10,939,034</u>	<u>44,775,875</u>
Net position (deficit) - ending	<u>\$ 104,142,494</u>	<u>8,887,041</u>	<u>45,152,125</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

		Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds	
Sanitation	Nonmajor	Total			
5,779,879	22,914,716	\$	95,469,166	\$	78,213,279
3,984	6,361		720,428		1,633,298
<u>5,783,863</u>	<u>22,921,077</u>		<u>96,189,594</u>		<u>79,846,577</u>
2,071,313	1,648,429		14,972,505		17,273,860
911,024	12,990,802		38,638,214		7,945,176
202,116	130,812		12,238,805		3,172,355
1,448,392	9,838,947		23,349,165		14,511,385
-	-		-		27,324,933
-	-		-		9,921,091
17,888	462,214		4,337,144		1,562,884
<u>4,650,733</u>	<u>25,071,204</u>		<u>93,535,833</u>		<u>81,711,684</u>
<u>1,133,130</u>	<u>(2,150,127)</u>		<u>2,653,761</u>		<u>(1,865,107)</u>
	210,667		210,667		-
-	-		811,005		562,649
134,671	292,093		1,830,958		722,347
-	-		(509,663)		-
-	-		(96,520)		(107,768)
<u>134,671</u>	<u>502,760</u>		<u>2,246,447</u>		<u>1,177,228</u>
<u>1,267,801</u>	<u>(1,647,367)</u>		<u>4,900,208</u>		<u>(687,879)</u>
-	169,828		169,828		-
200,000	2,589,127		2,789,127		-
(3,943)	(7,853,200)		(9,414,247)		(218,620)
<u>1,463,858</u>	<u>(6,741,612)</u>		<u>(1,555,084)</u>		<u>(906,499)</u>
<u>(2,886,017)</u>	<u>26,935,335</u>		<u>178,508,308</u>		<u>(34,371,267)</u>
<u>(1,422,159)</u>	<u>20,193,723</u>	\$	<u>176,953,224</u>	\$	<u>(35,277,766)</u>

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Water	Parking
Cash flows from operating activities:		
Receipts from customers	\$ 56,083,528	3,197,819
Receipts from interfund services provided	-	-
Receipts from other operating sources	396,034	373,356
Payments to suppliers for goods and services	(42,322,499)	(3,295,406)
Payments from interfund services used	-	-
Payments to employees	(6,385,516)	(1,704,583)
	<u>7,771,547</u>	<u>(1,428,814)</u>
Net cash provided (used) by operating activities		
Cash flows from noncapital financing activities:		
Intergovernment contribution	-	-
Transfer in	-	-
Transfer out	(1,258,323)	(451)
Repayment of advances from other funds	-	-
	<u>(1,258,323)</u>	<u>(451)</u>
Net cash provided (used) by noncapital financing activities		
Cash flows from capital and related financing activities:		
Capital contribution	-	-
Acquisition of capital assets	(4,121,811)	(479)
Capital assets donated to other funds	-	-
Proceeds from sale of capital assets	96,520	-
Retirement of long-term liabilities	(745,000)	-
Interest paid	(608,699)	-
	<u>(5,378,990)</u>	<u>(479)</u>
Net cash used by capital and related financing activities		
Cash flows from investing activities:		
Interest received	880,792	16,737
Net increase in the fair value of investment	536,340	-
	<u>1,417,132</u>	<u>16,737</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	2,551,366	(1,413,007)
Cash and cash equivalents - beginning	46,107,494	1,413,007
Cash and cash equivalents - ending (Includes restricted assets)	<u>\$ 48,658,860</u>	<u>-</u>

See accompanying Notes to the Basic Financial Statements.

Sewer	Sanitation	Nonmajor	Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
			Totals		
6,896,446	5,915,250	22,835,607	\$	94,928,650	\$ -
-	-	-		-	78,253,410
-	3,984	216,272		989,646	1,637,202
(4,332,781)	(2,690,224)	(22,493,346)		(75,134,256)	(53,643,730)
-	-	-		-	(3,140,441)
<u>(2,120,852)</u>	<u>(1,805,278)</u>	<u>(1,435,757)</u>		<u>(13,451,986)</u>	<u>(21,481,309)</u>
442,813	1,423,732	(877,224)		7,332,054	1,625,132
-	-	210,667		210,667	-
-	200,000	2,589,127		2,789,127	-
(298,330)	(3,943)	(7,853,200)		(9,414,247)	(218,620)
-	-	-		-	292,000
<u>(298,330)</u>	<u>196,057</u>	<u>(5,053,406)</u>		<u>(6,414,453)</u>	<u>73,380</u>
-	-	169,828		169,828	-
(1,652,491)	(445,835)	(619,145)		(6,839,761)	(127,209)
-	-	-		-	(91,390)
-	-	-		96,520	14,693
-	-	-		(745,000)	-
-	-	-		(608,699)	-
<u>(1,652,491)</u>	<u>(445,835)</u>	<u>(449,317)</u>		<u>(7,927,112)</u>	<u>(203,906)</u>
621,397	135,787	330,448		1,985,161	772,353
274,665	-	-		811,005	562,649
<u>896,062</u>	<u>135,787</u>	<u>330,448</u>		<u>2,796,166</u>	<u>1,335,002</u>
(611,946)	1,309,741	(6,049,499)		(4,213,345)	2,829,608
<u>32,202,741</u>	<u>5,975,117</u>	<u>16,483,963</u>		<u>102,182,322</u>	<u>50,243,607</u>
<u>31,590,795</u>	<u>7,284,858</u>	<u>10,434,464</u>	\$	<u>97,968,977</u>	\$ <u>53,073,215</u>

Continued

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Water	Parking
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 5,905,121	(2,061,061)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	2,741,712	420,796
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(648,231)	36,049
Decrease (increase) in inventory of supplies	-	-
Decrease (increase) in deferred outflows from pension	196,978	35,128
Decrease (increase) in deferred outflows from OPEB	(7,228)	(1,035)
Increase (decrease) in accounts payable	(642,047)	19,241
Increase (decrease) in unearned revenue	-	-
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences payable	(151,320)	44,322
Increase (decrease) in deposits payable	66,053	-
Increase (decrease) in retention payable	(137,968)	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in net pension liability	400,578	71,436
Increase (decrease) in total OPEB liability	(148,649)	(21,303)
Increase (decrease) in deferred inflows from pension	(15,997)	(2,847)
Increase (decrease) in deferred inflows from OPEB	212,545	30,460
Net cash provided (used) by operating activities	<u>\$ 7,771,547</u>	<u>(1,428,814)</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	536,340	-
Amortization of premium & unamortized loss on bond defeasance	<u>(86,620)</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		
(173,302)	1,133,130	(2,150,127)	\$	2,653,761	\$ (1,865,107)
694,534	17,888	462,214		4,337,144	1,562,884
(50,649)	135,371	(79,109)		(606,569)	(2,108,834)
-	-	-		-	(15,066)
82,081	124,683	47,609		486,479	740,478
(2,731)	(4,756)	(2,143)		(17,893)	83,828
(426,514)	(128,692)	838,950		(339,062)	532,754
-	-	(169,827)		(169,827)	-
-	-	-		-	(10,474)
135,017	(139,347)	52,079		(59,249)	315,152
-	-	-		66,053	-
-	-	11,217		(126,751)	-
-	-	-		-	597,448
166,914	253,549	96,825		989,302	1,768,404
(56,147)	(97,786)	(44,090)		(367,975)	(439,811)
(6,670)	(10,128)	(3,863)		(39,505)	(60,167)
80,280	139,820	63,041		526,146	523,643
<u>442,813</u>	<u>1,423,732</u>	<u>(877,224)</u>	\$	<u>7,332,054</u>	\$ <u>1,625,132</u>
274,665	-	-		811,005	562,649
-	-	-	\$	(86,620)	\$ -

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
Assets		
Cash and investments	\$ 4,092,553	\$ 24,050,134
Restricted assets:		
Cash and investments with fiscal agents	11,762	105,881
Receivables, net of allowances:		
Accounts	17,344	-
Interest	12,404	35,088
Taxes	-	1,988
Land held for redevelopment	276,200	-
Total assets	<u>4,410,263</u>	<u>\$ 24,193,091</u>
Deferred outflows of resources:		
Unamortized loss on bond defeasance	4,055,792	
Deferred amounts on pension plans	87,108	
Deferred amounts on OPEB plan	10,148	
Total deferred outflows of resources	<u>4,153,048</u>	
Liabilities		
Accounts payable	729	\$ 586,251
Interest payable	899,587	-
Deposits payable	-	21,667
Due to City employees	-	6,336,575
Due to governmental agencies	-	16,920,617
Due to bondholders	-	327,981
Long-term liabilities:		
Due within one year	365,799	-
Due in more than one year	70,724,556	-
Net pension liability	828,204	-
Total OPEB liability	182,003	-
Total liabilities	<u>73,000,878</u>	<u>\$ 24,193,091</u>
Deferred inflows of resources:		
Deferred amounts on pension plans	10,650	
Deferred amounts on OPEB plan	19,836	
	<u>30,486</u>	
Net position (deficit)		
Held in trust for other purposes	<u>\$ (64,468,053)</u>	

See accompanying Notes to the Basic Financial Statements.

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2020

	Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund
Additions:	
Property taxes	\$ 2,703,213
Investment earnings	79,581
Other	208,126
Total additions	<u>2,990,920</u>
Deductions:	
Program expenses	424,070
Administrative expenses	273,797
Interest and fiscal agency expenses	<u>3,087,540</u>
Total deductions	<u>3,785,407</u>
Change in net position	(794,487)
Net position - beginning	<u>(63,673,566)</u>
Net position - ending	<u><u>\$ (64,468,053)</u></u>

See accompanying Notes to the Basic Financial Statements.



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, 2020

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, 2020

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 including special assessments. 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, 2020

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 and the Private Placement Financing.

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, 2020

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 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, and others under the terms of agreements for which the deposits were made.

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).

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, 2020

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. 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, 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 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.

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, 2020

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. The City's pension stability funds balance is also included in the restricted assets.

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.

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

For the Year Ended June 30, 2020

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:

- Loss on bond refunding reported in the government-wide statement of net position, proprietary statement of net position, and statement of fiduciary net position. A loss on bond 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, differences between actual and expected experience, 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, proprietary statement of net position, and the fiduciary statement of net position are reported as deferred outflows of resources. All of these items are amortized over the average expected remaining service lives of employees in the plan with the exception of pension contributions subsequent to measurement date which are recognized as a reduction of the net pension liability and the net differences between projected and actual earnings, which is amortized over five years.
- Other Post-Employment Benefit (OPEB) contributions subsequent to measurement date, changes of assumptions, and difference between expected and actual experience related to the total OPEB liability in the government-wide statement of net position, proprietary statement of net position, and the fiduciary statement of net position are reported as a deferred outflow 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:

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

For the Year Ended June 30, 2020

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

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

- 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.
- 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, proprietary statement of net position, and statement of fiduciary net position. These amounts are deferred and amortized as a component of pension expense in future periods over the average expected remaining service lives of employees in the plan.
- Changes of assumptions related to the total OPEB liability in the government-wide statement of net position, proprietary statement of net position, and statement of fiduciary net position. These amounts are deferred and amortized as a component of pension expense in future periods over the average expected remaining service lives of employees in the plan.

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, 2020.

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.

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

For the Year Ended June 30, 2020

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

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

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.

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, 2020, 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 and prepaid amounts.
- *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, 2020

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

E New Accounting Pronouncements

Current Year Standards

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. Paragraph 4 of this Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

Paragraph 5 of this Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements of these paragraphs did not impact the City.

Pending Accounting Standards

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

- GASB Statement No. 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2019.
- GASB Statement No. 87 - *Leases*, effective for periods beginning after June 15, 2021.
- GASB Statement No. 90 - *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2021.
- GASB Statement No. 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021.
- GASB Statement No. 92 – *Omnibus 2020*, effective for periods beginning after June 15, 2021.
- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for periods beginning after June 15, 2022.

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

For the Year Ended June 30, 2020

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

E New Accounting Pronouncements (Continued)

- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022.
- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, effective for periods beginning after June 15, 2021.

NOTE 2. FUND DEFICITS

At June 30, 2020, the deficits of \$0.4 million in the Non-major Civic Center Maintenance Special Revenue Fund and \$4.7 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 receivable will reduce the deficits.

The deficits of \$1.4 million in the Major Enterprise Sanitation Fund, \$0.7 million in the Internal Service Central Services Fund, \$3.3 million in the Internal Service Building Maintenance Fund, \$0.07 million in the Internal Service Stores & Property Control Fund, \$17.9 million in the Internal Service Self Insurance Fund, and \$19.9 million in the Internal Service Engineering and Administrative Services Fund are primarily due to an increase in the net pension liability and OPEB liability. In order to address pension obligations and future benefit contributions, the City established the pension stability fund shown as a restricted asset within the General Fund in the Governmental Funds Balance Sheet. The City is also exploring various options to reduce future pension cost including issuing pension obligation bonds and increasing contributions towards the pension stability fund.

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

For the Year Ended June 30, 2020

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2020 were classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 347,253,182
Restricted assets:	
Cash and investments	11,228,815
Cash and investments with fiscal agents	2,158,318
Pension stability funds	522,042
Statement of fiduciary net position:	
Cash and investments	28,142,687
Restricted assets:	
Cash and investments with fiscal agents	117,643
Total cash and investments	\$ 389,422,687

Cash and investments as of June 30, 2020 consisted of the following:

Cash on hand	\$ 89,553
Deposits with financial institutions	83,413,224
Investments	305,919,910
Total cash and investments	\$ 389,422,687

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 prohibited by the City's investment policy are Asset-backed Securities, Derivatives, Investment Agreements, Mortgage-backed Securities, Reverse Repurchase Agreements, and Securities Lending Agreements. 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, or assets held in the Public Agencies Retirement Trust that are governed by provisions of the Plan documents 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, 2020

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

A. Cash and Investments (Continued)

Investment Types <u>Authorized by State Law</u>	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment In One Issuer
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
Medium-Term Notes	Yes	5 years	30%	5%
Money Market Mutual Funds	Yes	None	20%	10%
Local Agency Investment Fund (LAIF)	Yes	None	75 Million	None
Repurchase Agreement	Yes	1 year	20%	None
Supranational Obligations	Yes	5 Years	30%	None
City of Santa Ana Bonds	Yes	5 Years	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 Days
Certificates of Deposit	None
Commercial Paper	270 days
Municipal Obligations	None
Money Market Mutual Funds	None
State of California Investment Pool	None
Savings Accounts	None
Money Market Deposit Accounts	None
Deposit Accounts	None
Investment Contracts	None
Repurchase Agreements	1 year

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

For the Year Ended June 30, 2020

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 18, 2019, 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	\$ 229,341,756	\$ 10,874,171	\$ 19,062,455	\$ 199,405,130
Negotiable Certificates of Deposit	1,742,100	1,742,100	-	-
Local Agency Investment Fund	74,715,407	74,715,407	-	-
Held by Fiscal Agent:				
Money Market Funds	120,647	120,647	-	-
	<u>\$ 305,919,910</u>	<u>\$ 87,452,325</u>	<u>\$ 19,062,455</u>	<u>\$ 199,405,130</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	\$ 74,353,542

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 by Moody's as of year-end for each investment type.

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

For the Year Ended June 30, 2020

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

A. Cash and Investments (Continued)

Investment Type	Total	Minimum Legal Rating	Rating as of Year End	
			Aaa	Not Rated
Federal Agency Securities	\$ 229,341,756	N/A	\$ 229,341,756	\$ -
Negotiable Certificates of Deposit	1,742,100	N/A	-	1,742,100
Local Agency Investment Fund Held by Fiscal Agent:	74,715,407	N/A	-	74,715,407
Money Market Funds	120,647	A	120,647	-
	<u>\$ 305,919,910</u>		<u>\$ 229,462,403</u>	<u>\$ 76,457,507</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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	Federal agency securities	\$ 31,017,151
Federal Home Loan Bank	Federal agency securities	42,035,422
Federal Home Loan Mortgage Corporation	Federal agency securities	110,090,325
Federal National Mortgage Association	Federal agency securities	46,198,858

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

For the Year Ended June 30, 2020

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, 2020, 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 Retirement Trust

The General Fund includes \$522,042 of pension stability funds that represent assets restricted to the defined benefit pension plan. 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, 2020 within the General Fund Balance Sheet.

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

For the Year Ended June 30, 2020

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

A. Cash and Investments (Continued)

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level of inputs are as follows:

Level 1 - Inputs are quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1, that are observable for the assets and liabilities through corroboration with market data at the measurement date.

Level 3 - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets and liabilities at the measurement date.

The City has the following recurring fair value measurements as of June 30, 2020:

	<u>Quoted Prices Level 1</u>	<u>Observable Inputs Level 2</u>	<u>Unobservable Inputs Level 3</u>	<u>Total</u>
Federal Agency Securities	\$ -	\$ 229,341,756	\$ -	\$ 229,341,756
Negotiable Certificates of Deposit	-	1,742,100	-	1,742,100
Total Leveled Investments	\$ -	\$ 231,083,856	\$ -	231,083,856
Local Agency Investment Fund *				74,715,407
Money Market Funds *				120,647
				\$ 305,919,910

* Not subject to fair value measurements.

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

For the Year Ended June 30, 2020

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

B. Capital Assets

A summary of changes in the Governmental Activities capital assets at June 30, 2020 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	\$ 17,493,972	\$ -	\$ -	\$ 17,493,972
Right of Way	493,698,119	15,642,853	(5,718,561)	503,622,411
Street Trees	8,028,741	-	(1,990)	8,026,751
Construction in progress	<u>108,819,405</u>	<u>32,088,142</u>	<u>(27,928,244)</u>	<u>112,979,303</u>
Total capital assets, not being depreciated	<u>628,040,237</u>	<u>47,730,995</u>	<u>(33,648,795)</u>	<u>642,122,437</u>
Capital assets being depreciated:				
Buildings and building improvements	201,078,002	549,466	-	201,627,468
Improvements other than buildings	109,881,259	4,960,357	-	114,841,616
Equipment	48,816,667	2,393,468	(299,301)	50,910,834
Infrastructure	465,076,883	8,249,608	(1,224,180)	472,102,311
Library materials	7,200,479	119,020	(1,136,417)	6,183,082
Computer software	<u>6,734,107</u>	<u>-</u>	<u>-</u>	<u>6,734,107</u>
Total capital assets being depreciated	<u>838,787,397</u>	<u>16,271,919</u>	<u>(2,659,898)</u>	<u>852,399,418</u>
Less: Accumulated depreciation for:				
Buildings and building improvements	(153,451,138)	(5,686,414)	-	(159,137,552)
Improvements other than buildings	(61,551,280)	(3,824,275)	-	(65,375,555)
Equipment	(38,019,063)	(2,121,709)	268,230	(39,872,542)
Infrastructure	(224,971,790)	(12,470,558)	1,224,180	(236,218,168)
Library materials	(6,386,855)	(234,948)	1,136,377	(5,485,426)
Computer software	<u>(4,515,260)</u>	<u>(660,927)</u>	<u>-</u>	<u>(5,176,187)</u>
Total Accumulated depreciation	<u>(488,895,386)</u>	<u>(24,998,831)</u>	<u>2,628,787</u>	<u>(511,265,430)</u>
Capital assets being depreciated, net	<u>349,892,009</u>	<u>(8,726,912)</u>	<u>(31,111)</u>	<u>341,133,988</u>
Governmental activities capital assets, net \$	<u>977,932,246</u>	<u>\$ 39,004,083</u>	<u>\$ (33,679,906)</u>	<u>\$ 983,256,425</u>

The decrease in Construction in Progress is reflected in the increase in Right of Way, Buildings and building improvements, Improvements other than buildings, Equipment, and Infrastructure.

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

For the Year Ended June 30, 2020

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, 2020 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	\$ 9,276,348	\$ -	\$ -	\$ 9,276,348
Construction in progress	<u>14,524,885</u>	<u>4,965,744</u>	<u>(9,153,630)</u>	<u>10,336,999</u>
Total capital assets not being depreciated	<u>23,801,233</u>	<u>4,965,744</u>	<u>(9,153,630)</u>	<u>19,613,347</u>
Capital assets being depreciated:				
Buildings and building improvements	8,831,492	-	-	8,831,492
Improvements other than buildings	183,839,768	6,980,355	(11,556)	190,808,567
Equipment	17,769,603	3,950,776	(179,831)	21,540,548
Parking structures	22,701,415	-	-	22,701,415
Computer software	<u>278,589</u>	<u>-</u>	<u>-</u>	<u>278,589</u>
Total capital assets being depreciated	<u>233,420,867</u>	<u>10,931,131</u>	<u>(191,387)</u>	<u>244,160,611</u>
Less: Accumulated depreciation for:				
Buildings and building improvements	(7,582,922)	(218,482)	-	(7,801,404)
Improvements other than buildings	(98,085,636)	(2,868,901)	11,556	(100,942,981)
Equipment	(11,817,515)	(742,040)	83,309	(12,476,246)
Parking structures	(11,341,010)	(493,792)	-	(11,834,802)
Computer software	<u>(125,362)</u>	<u>(13,929)</u>	<u>-</u>	<u>(139,291)</u>
Total Accumulated depreciation	<u>(128,952,445)</u>	<u>(4,337,144)</u>	<u>94,865</u>	<u>(133,194,724)</u>
Capital assets being depreciated, net	<u>104,468,422</u>	<u>6,593,987</u>	<u>(96,522)</u>	<u>110,965,887</u>
Business-type activities capital assets, net	<u>\$ 128,269,655</u>	<u>\$ 11,559,731</u>	<u>\$ (9,250,152)</u>	<u>\$ 130,579,234</u>

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

For the Year Ended June 30, 2020

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

B. Capital Assets (Continued)

		<u>June 30, 2020</u>	
Governmental activities:			
General government	\$	1,478,930	
Finance and management services		216,290	
Museum		330,482	
Library		234,948	
Recreation and community services		2,543,228	
Police		4,263,592	
Fire		282,428	
Public works		13,801,164	
Community development		284,885	
Internal service funds		<u>1,562,884</u>	
Total depreciation expense-governmental activities	\$	<u>24,998,831</u>	
Business-type activities:			
		<u>June 30, 2020</u>	
Water	\$	2,741,712	
Parking		420,796	
Sanitation		17,888	
Sewer		694,534	
Refuse Collections		3,214	
Transportation Center		430,262	
Federal Clean Water Protection		<u>28,738</u>	
Total depreciation expense - business-type activities	\$	<u>4,337,144</u>	

Construction Commitments

The City has active construction projects as of June 30, 2020. 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	\$	81,873,615	\$	78,859,870	\$	160,733,485
Park improvements		9,332,174		25,571,458		34,903,632
Water system improvements		6,074,842		26,144,879		32,219,721
Sewer improvements		5,965,929		23,252,166		29,218,095
Other improvements		6,467,588		7,589,031		14,056,619

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

For the Year Ended June 30, 2020

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, 2020 is as follows:

Due To/From Other Funds:

Due To Other Funds (Payable)	Due From Other Funds (Receivable)
	Internal Service Self Insurance Fund
Non-major Special Revenue Funds:	
Civic Center & Maintenance Fund	\$ 571,161
Non-major Capital Projects Funds:	
Capital Grants Fund	4,283,657
Non-major Enterprise Funds:	
Transportation Center Fund	1,812,545
Parking Fund	59,307
Internal Service Funds:	
Stores Fund	140,131
Total	\$ 6,866,801

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 and Parking 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.

The Internal Service Stores Fund received a temporary advance from the Self Insurance Internal Service Fund, to cover a cash shortfall. The City is evaluating various revenue generating options to enhance its financial condition along with cost-saving measures. The City also completed the process of developing an updated Internal Service Funds Cost Allocation Methodology to be implemented next fiscal year.

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

For the Year Ended June 30, 2020

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

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

Interfund Transfers:

Transfers Out	General Fund	Transfers In					Total
		Capital Projects Street Construction Fund	Debt Service SAFA Fund	Non-Major Special Revenue Fund	Sanitation Major Enterprise Fund	Non-Major Enterprise Fund	
General Fund	\$ -	\$ -	\$ 9,578,240	\$ 1,179,400	\$ -	\$ -	\$ 10,757,640
Special Revenue Gas Tax Fund	-	4,767,497	-	-	-	-	4,767,497
Water-Major Enterprise Fund	20,726	-	-	-	-	1,237,597	1,258,323
Parking-Major Enterprise Fund	451	-	-	-	-	-	451
Sewer-Major Enterprise Fund	-	-	-	-	-	298,330	298,330
Sanitation -Major Enterprise Fund	3,943	-	-	-	-	-	3,943
Non-Major Enterprise Fund	6,600,000	-	-	-	200,000	1,053,200	7,853,200
Internal Service Funds	7,660	-	210,960	-	-	-	218,620
Total	\$ 6,632,780	\$ 4,767,497	\$ 9,789,200	\$ 1,179,400	\$ 200,000	\$ 2,589,127	\$ 25,158,004

The General Fund received transfers of \$32,780 for capital lease and loan payments for the 800 MHz Radio System. The transfers consisted of \$20,726 from the Water Major Enterprise Fund, \$451 from the Parking Major Enterprise Fund, \$3,943 from the Sanitation Major Enterprise Fund, \$3,605 from the Equipment Maintenance and Replacement Fund, and \$4,055 from the Engineering and Administrative Services Internal Service Fund.

The General Fund received \$6,600,000 from the Refuse Enterprise Fund for franchise tax revenues.

The Street Construction Capital Projects Fund received \$4,767,497 from Special 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 \$9,789,200 for debt service payments of the 1994 Series Police Lease Revenue bonds and the 2014 Private Placement Financing. The transfers consisted of \$9,578,240 from the General Fund and \$210,960 from the Engineering and Administrative Internal Service Fund.

The Civic Center & Maintenance Non-Major Special Revenue Funds received transfers of \$1,179,400 from the General Fund to pay for the City's annual share of Civic Center maintenance obligations payable to the County of Orange.

The Sanitation Major Enterprise Fund received \$200,000 from the Federal Clean Water Protection Non-Major Enterprise Fund for street sweeping services.

The Federal Clean Water Protection Non-Major Enterprise Fund received \$1,237,597 from Water Major Enterprise Fund, \$298,330 from Sewer-Major Enterprise Fund, and \$1,053,200 from Refuse Collection Non-Major Enterprise Fund for surcharges that fund the various activities of the storm water management program.

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

For the Year Ended June 30, 2020

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

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

Advances To/From Other Funds:

Receivable fund	Payable fund	Amount
Internal Service Funds:		
Self Insurance Fund	General Fund	\$ 1,460,000

The \$1,460,000 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.

D. Long Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
<i>Other debt:</i>					
Capital lease obligations	\$ 3,020,229	\$ -	\$ 392,195	\$ 2,628,034	\$ 404,608
Certificates of participation	55,940,000	-	55,940,000	-	-
Revenue refunding bonds	-	44,650,000	2,765,000	41,885,000	1,295,000
Lease revenue bonds	19,300,000	-	3,407,500	15,892,500	3,620,000
Long-term loans & other payables	1,120,874	1,093,521	316,195	1,898,200	357,447
Unamortized bond discount/premium, net	(682,465)	9,480,564	255,539	8,542,560	-
<i>Direct borrowings and placements:</i>				-	
Notes from direct borrowings	34,537,993		5,057,563	29,480,430	5,291,796
<i>Other long-term liabilities:</i>				-	
Compensated absences payable	22,807,522	12,287,546	8,889,322	26,205,746	6,551,437
Claims payable - worker's compensation	26,867,867	5,761,359	5,485,163	27,144,063	6,875,000
Claims payable - liability insurance	13,559,155	4,852,595	4,435,928	13,975,822	5,153,750
Governmental activities					
Long-term liabilities	\$ <u>176,471,175</u>	\$ <u>78,125,585</u>	\$ <u>86,944,405</u>	\$ <u>167,652,355</u>	\$ <u>29,549,038</u>
Business-type activities:					
<i>Other debt:</i>					
Revenue bonds payable	\$ 13,025,000	\$ -	\$ 745,000	\$ 12,280,000	\$ 785,000
Add: Bond premium	1,779,735	-	147,289	1,632,446	-
<i>Other long-term liabilities:</i>					
Compensated absences payable	2,197,335	596,420	655,669	2,138,086	534,522
Business-type activities					
Long-term liabilities	\$ <u>17,002,070</u>	\$ <u>596,420</u>	\$ <u>1,547,958</u>	\$ <u>16,050,532</u>	\$ <u>1,319,522</u>

At year-end, \$2.2 million of internal service funds compensated absences are included in the above amounts. The general fund and internal services funds are generally used to liquidate the claims and judgments, the compensated absences, the net pension liability, and the total OPEB liability.

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

For the Year Ended June 30, 2020

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, 2020:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Private-purpose trust activities:					
<i>Other debt:</i>					
2018A Tax allocation refunding bonds	\$ 13,605,000	\$ -	\$ 2,830,000	\$ 10,775,000	\$ 340,000
2018B Tax allocation refunding bonds	58,705,000		-	58,705,000	-
Less: Bond discount	-	-	-	-	-
Add: Bond premium	1,642,127	-	134,969	1,507,158	-
<i>Other long-term liabilities:</i>					
Compensated absences payable	84,229	31,779	12,811	103,197	25,799
Private-purpose trust					
Long-term liabilities	<u>\$ 74,036,356</u>	<u>\$ 31,779</u>	<u>\$ 2,977,780</u>	<u>\$ 71,090,355</u>	<u>\$ 365,799</u>

The City's legal debt margin is 10% of the total assessed valuation, which is \$509.7 million for the fiscal year ended June 30, 2020.

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 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 with a cost of \$4.0 million and accumulated depreciation of \$1.7 million as of June 30, 2020.

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

For the Year Ended June 30, 2020

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, 2020 were as follows:

Period Ending June 30	Payment	Interest
2021	\$ 404,608	\$ 82,158
2022	417,413	69,353
2023	430,625	56,141
2024	444,254	42,512
2025	931,134	42,396
Total	<u>\$ 2,628,034</u>	<u>\$ 292,560</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. The Certificates of Participation were fully defeased in the current fiscal year with the issuance of the Gas Tax Revenue Refunding Bonds Series 2019.

REVENUE REFUNDING BONDS

Gas Tax Revenue Refunding Bonds, Series 2019. On December 10, 2019, the City issued the Gas Tax Revenue Refunding Bonds, Series 2019 in the amount of \$44.7 million. The proceeds of the bonds were used for defeasance and refinancing of the 2007 Gas Tax Revenue Certificates of Participation. The 2019 Gas Tax Refunding Bonds mature serially starting on January 1, 2020 through January 1, 2040 in amounts ranging from \$1.3 million to \$3.1 million and pay interest at rates varying from 4.0% to 5.0%.

The Bonds are payable from and secured by the City's pledge of Gas Tax Revenues and certain funds and accounts held under the Indenture. Gas Tax Revenues consist of all amounts received by the City under Streets and Highways Code Sections 2103, 2105, 2106, and 2107. Pledged revenue recognized during the fiscal year ended June 30, 2020 was \$7.4 million against total debt payment of \$3.3 million. The refunding resulted in cash flow difference of \$15.7 million and an economic gain (difference between the present values of the old debt and new debt service payment) of \$11.3 million. The unpaid balance as of June 30, 2020 was \$41.9 million.

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

For the Year Ended June 30, 2020

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

D. Long Term Liabilities (Continued)

Period Ending June 30	Principal	Interest
2021	\$ 1,295,000	\$ 1,977,100
2022	1,345,000	1,925,300
2023	1,400,000	1,871,500
2024	1,465,000	1,801,500
2025	1,545,000	1,728,250
2026-2030	8,945,000	7,404,750
2031-2035	11,410,000	4,933,000
2036-2040	14,480,000	1,870,350
Total	<u>\$ 41,885,000</u>	<u>\$ 23,511,750</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%.

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, 2020 was \$15.9 million.

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

For the Year Ended June 30, 2020

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

D. Long Term Liabilities (Continued)

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

Period Ending		Principal	Interest
June 30		Principal	Interest
2021	\$	3,620,000	\$ 993,282
2022		3,845,000	767,032
2023		4,085,000	526,719
2024		4,342,500	271,406
Total	\$	<u>15,892,500</u>	<u>\$ 2,558,439</u>

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 \$2.1 million. Since inception of this program, the Council has approved the installation of streetlights at various other city locations. The costs are repaid from energy savings over a period of up to ten years. The unpaid balance as of June 30, 2020 was \$1.9 million. The annual debt service requirements are as follows:

Period Ending		Principal
June 30		Principal
2021	\$	357,447
2022		336,580
2023		317,017
2024		276,631
2025		234,728
2026-2028		375,797
Total	\$	<u>1,898,200</u>

NOTES FROM DIRECT BORROWINGS

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 2017 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, 2020 was \$21.4 million.

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

For the Year Ended June 30, 2020

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
2021	\$ 2,305,000	\$ 321,542	\$ 1,045,000	\$ 145,914	\$ 1,090,000	\$ 253,892	\$ 4,440,000	\$ 721,348
2022	2,380,000	245,016	1,080,000	111,220	1,125,000	214,921	4,585,000	571,157
2023	2,460,000	166,000	1,115,000	75,364	1,165,000	174,701	4,740,000	416,065
2024	2,540,000	84,328	1,155,000	38,346	1,200,000	133,069	4,895,000	255,743
2025	-	-	-	-	645,000	90,094	645,000	90,094
2026-2028	-	-	-	-	2,080,000	119,062	2,080,000	119,062
Total	\$ 9,685,000	\$ 816,886	\$ 4,395,000	\$ 370,844	\$ 7,305,000	\$ 985,739	\$ 21,385,000	\$ 2,173,469

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 (now known as Suncrest Bank). The City's partnership costs totaling \$2.3 million were payable over three fiscal years. Community Business Bank provided 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 unpaid balance as of June 30, 2020 was \$0.6 million.

The annual debt service requirements are as follows:

Period Ending June 30	Principal		Interest	
2021	\$	108,811	\$	16,126
2022		112,112		12,825
2023		115,514		9,423
2024		119,018		5,919
2025		122,629		2,308
Total	\$	578,084	\$	46,601

On June 15, 2017, the City entered into a financing agreement with Holman Capital Corporation to fund the City's commitment to fulfill the third and final year (fiscal year 2017-18) partnership cost for this project. The total amount financed was \$1.5 million at interest rate of 3.1% per annum. On June 15, 2017, Homan Capital Corporation assigned its right, title, and interest in and to the agreement to Santa Cruz County Bank. The unpaid balance as of June 30, 2020 was \$1 million.

The annual debt service requirements are as follows:

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

For the Year Ended June 30, 2020

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

D. Long Term Liabilities (Continued)

Period Ending June 30	Principal	Interest
2021	\$ 179,025	\$ 27,477
2022	184,640	21,863
2023	190,430	16,072
2024	196,402	10,099
2025	202,562	3,940
Total	\$ 953,059	\$ 79,451

Streetlights Acquisition and Upgrade Project Financing. On April 4, 2017, City Council approved a Purchase and Sale agreement with SCE to acquire streetlights in Santa Ana. On April 6, 2018, the City executed an agreement with Siemens Industry, Inc., to purchase and install Light Emitting Diode fixtures for citywide streetlight upgrades; the City also execute an agreement with Magellan Advisors to provide citywide fiber-optic and wireless broadband network consulting services. The City financed the project by entering into an equipment lease- purchase agreement with Holman Capital Corporation (Holman) and an escrow deposit agreement with Signature Bank on April 6, 2018. The total amount financed was \$6.6 million at interest rate of 3.3% per annum.

The annual debt service requirements are as follows:

Period Ending June 30	Principal	Interest
2021	\$ 563,960	\$ 218,591
2022	582,739	199,811
2023	602,145	180,406
2024	622,196	160,354
2025	642,915	139,635
2026-2030	3,550,332	362,420
Total	\$ 6,564,287	\$ 1,261,217

COMPENSATED ABSENCES PAYABLE

The City's policies relating to compensated absences are described in Note 1D. The outstanding balance at June 30, 2020 was \$26.2 million, \$2.1 million, and \$0.1 million for the Governmental Activities, Business-type Activities, and Private-Purpose Trust 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.

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

For the Year Ended June 30, 2020

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

D. Long Term Liabilities (Continued)

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, 2017, 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, 2020 was \$8.6 million as against total debt payment of \$1.6 million. There is no requirement for establishing a reserve fund as security for the Bonds. The unpaid balance as of June 30, 2020 was \$12.3 million.

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

Period Ending		Principal		Interest
June 30				
2021	\$	785,000	\$	570,450
2022		820,000		530,325
2023		865,000		488,200
2024		905,000		450,738
2025		940,000		411,400
2026-2030		5,410,000		1,324,225
2031-2032		2,555,000		129,375
Total	\$	<u>12,280,000</u>	\$	<u>3,904,713</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:

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

For the Year Ended June 30, 2020

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

D. Long Term Liabilities (Continued)

	June 30, 2020
Operating revenue	\$ 57,061,740
Operating expenses (net of depreciation expense of \$ 2,741,712)	48,414,907
Net revenue	8,646,833
Amount required for payment of principal and interest payable for the year ended June 30, 2021 (\$1,355,450 x 1.20)	1,626,540
Excess of net revenue over amount required	\$ 7,020,293

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.

2018A Tax Allocation Refunding Bonds. On November 1, 2018, the Successor Agency to the former Community Redevelopment Agency of the City of Santa Ana issued the Series 2018A Tax Allocation Refunding Bonds in the amount of \$13.6 million. The proceeds of the bonds were used for defeasance and refinancing of the 2003A Tax Allocation Bonds and 2003B Tax Allocation Refunding Bonds. The 2018A Tax Allocation Refunding Bonds mature serially starting on September 1, 2019 through September 1, 2031 in amounts ranging from \$0.3 million to \$2.8 million and pay interest at rates varying from 4.0% to 5.0%.

The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain Tax Revenues. The Bonds do not constitute a debt or liability of the City of Santa Ana or of any of its political subdivisions, other than the Successor Agency. The Payment of principal and interest on the bonds is covered by a municipal bond insurance policy.

The 2018A Tax Allocation Refunding Bonds debt service to maturity is as follows:

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

For the Year Ended June 30, 2020

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

D. Long Term Liabilities (Continued)

Period Ending June 30	Principal	Interest
2021	\$ 340,000	\$ 516,150
2022	445,000	500,450
2023	795,000	475,650
2024	830,000	439,000
2025	875,000	396,375
2026-2030	5,080,000	1,263,000
2031-2032	2,410,000	122,000
Total	<u>\$ 10,775,000</u>	<u>\$ 3,712,625</u>

2018B Tax Allocation Refunding Bonds. On November 1, 2018, the Successor Agency to the former Community Redevelopment Agency of the City of Santa Ana issued the Series 2018B Tax Allocation Refunding Bonds in the amount of \$58.7 million. The proceeds of the bonds were used for defeasance and refinancing of the 2011A Tax Allocation Bonds. The 2018B Tax Allocation Refunding Bonds mature serially starting on March 1, 2019 through March 1, 2028 in amounts ranging from \$3.4 million to \$11.3 million and pay interest at rates varying from 3.3% to 4.0%.

The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain Tax Revenues. The Bonds do not constitute a debt or liability of the City of Santa Ana or of any of its political subdivisions, other than the Successor Agency. The Payment of principal and interest on the bonds is covered by a municipal bond insurance policy.

The 2018B Tax Allocation Refunding Bonds debt service to maturity is as follows:

Period Ending June 30	Principal	Interest
2021	\$ -	\$ 2,175,810
2022	3,415,000	2,118,677
2023	8,030,000	1,922,344
2024	8,635,000	1,629,139
2025	9,285,000	1,304,150
2026-2029	29,340,000	1,799,664
Total	<u>\$ 58,705,000</u>	<u>\$ 10,949,784</u>

Other Defeased Tax Allocation Bonds. In prior years, the City defeased 2011A Tax Allocation Bonds by placing the proceeds of the new bonds or cash with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2020, \$62.1 million of bonds outstanding to be paid by the escrow agent is considered defeased.

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

For the Year Ended June 30, 2020

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

D. Long Term Liabilities (Continued)

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") 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 1st 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 Successor Agency issued the 2018 Series A and B Bonds to refund the 2003A and 2011 Tax Allocation Bonds and the 2003B Tax Allocation Refunding Bonds on November 8, 2018. The RPTTF distribution revenues have been pledged until the year 2031 for the 2018 Series A bonds and 2028 for 2018 Series B Bonds in accordance with ROPS.

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

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

E. Special Assessment Debt with No City Commitment

On July 27, 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 is 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.

The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of the available funds of the City. Neither the faith and credit nor the taxing power of the City, or the State of California, or any political subdivision thereof is pledged to the payment of these bonds.

Non-committal debt amount issued and outstanding at June 30, 2020 for the bonds was as follows:

Number	Fixed Rate Issues	Bonds Issued	Bonds Outstanding
2015-01	Warner Industrial Community	\$ 1,585,000	\$ 1,380,000
	Total Fixed Rate Issues	<u>\$ 1,585,000</u>	<u>\$ 1,380,000</u>

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

For the Year Ended June 30, 2020

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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, 2020, the City and the Housing Authority of the City has issued residential mortgage revenue bonds totaling \$50.4 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 housing. 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%	3,306,407
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>\$ 50,354,811</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.

Residential Loan Programs:

In April 1983, the City Council implemented a self-funding residential loan program. The program makes direct loans to qualifying persons for both single-family and multi-family units in amounts up to \$75,000 at 0% to 3% interest, which are either amortized over 20 to 30 years or deferred up to 5 years for single-family homes. 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 at a rate of 20% of the loan amount per year and totally forgiven after five years of owner occupancy.

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

For the Year Ended June 30, 2020

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Bonds and Loan Programs (Continued)

A number of loans which may be forgiven are “Gap Loans” to homebuyers for homes that were built by Habitat for Humanity. The “Gap Loan” represents the difference between the current market rate appraised value and the affordable sales price. 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.

The City Council also approved a down payment assistance loan program for first time homebuyers. The program offers 0% interest, deferred payment loans up to \$40,000 to \$80,000 depending on the household income level of the qualifying person. All loans are deferred for 45 years or are due upon sale with the loan secured by a deed of trust. A student incentive is also provided to a college graduate who attended a local Santa Ana high school in which \$10,000 may be forgiven every five years up to \$40,000 in total loan forgiveness.

In addition, the City provides residual receipt loans up to 3% interest to developers of multi-family affordable housing projects for new construction or acquisition/rehabilitation. In 2012, the Successor Agency to the Community Redevelopment Agency of the City of Santa Ana provided a one-time forgivable loan of \$2,900,000 for the development of a 41-unit new construction project that shall be forgiven in March 2067.

The various loan programs described above are funded by the HOME Investment Partnerships Program, Community Development Block Grant, Low and Moderate Income Housing Asset Fund, Inclusionary Housing Fund, Neighborhood Stabilization Program, and other grant funds that are available to create affordable housing and rehabilitate existing housing. 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 5.50 percent as of June 30, 2020. 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	\$ 43,140,670	(317,343)	\$ 42,823,327
Community Development Block Grants	3,128,807	-	3,128,807
Neighborhood Stabilization Program	9,589,167	-	9,589,167
CalHome Program	1,217,133	(133,341)	1,083,792
Total Special Revenue Grants	<u>57,075,777</u>	<u>(450,684)</u>	<u>56,625,093</u>
Capital Projects - Inclusionary Housing Fee	6,225,000	(80,000)	6,145,000
Capital Projects - Housing Successor Agency	73,599,294	(50,854,294)	22,745,000
	<u>\$ 136,900,071</u>	<u>\$ (51,384,978)</u>	<u>\$ 85,515,093</u>

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

For the Year Ended June 30, 2020

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

G. 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, 2026. 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, 2020 totaled \$3.4 million.

Period Ending June 30	Principal Component	Interest Component	Total Lease Payment
2021	\$ 518,884	\$ 118,135	\$ 637,019
2022	537,732	99,287	637,019
2023	557,264	79,755	637,019
2024	577,507	59,512	637,019
2025	598,484	38,535	637,019
2026	620,223	16,796	637,019
	<u>\$ 3,410,094</u>	<u>\$ 412,020</u>	<u>\$ 3,822,114</u>

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

For the Year Ended June 30, 2020

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

G. Commitments (Continued)

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, 2020 was \$9.8 million. These amounts are reported as assigned fund balance in the governmental funds.

Encumbrances	June 30, 2020
General Fund	\$ 4,491,204
Special Revenue Grants	26,022
Parking	124,395
Water	1,000,888
Sewer	844,786
Sanitation	1,240,818
Nonmajor Capital Project Funds	747,704
Nonmajor Enterprise Funds	282,703
Internal Services Funds	1,086,998
	\$ 9,845,518

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to employee injury or illness; torts; theft of, damage to and destruction of assets; errors and omissions; employer liability; and natural disasters. In July 1975, the City established Self Insurance Internal Service Funds for the administration of the City's self-insurance programs, workers' compensation and general liability claims. The City's General Liability and Workers' Compensation programs by a contracted Third Party Administrator, AdminSure, Inc. for all claims handling and administration. AdminSure claims adjusters estimate total losses for each claim and determines reserve requirements for the General Liability and Workers' Compensation claims programs as well as maintaining required reporting and on-going communication with risk pool personnel, City Attorney's staff, outside legal counsel and City Risk Management staff.

The City is currently in transition of risk management pool membership regarding the general liability and workers' compensation excess coverage. The City is currently managing the remainder of general liability claims with dates of incident prior to July 1, 2019 under Big Independent Cities Excess Pool (BICEP), a public entity risk pool established to pool resources, share risks, and purchase excess insurance. The City's relationship with BICEP will continue until all claims in the relative period are resolved or otherwise transferred to another entity. 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. Reinsurance and excess insurance covers amounts from \$2 million to \$27 million maximum. The City is also currently managing the remainder of workers' compensation claims with dates of incident prior to July 1, 2019 under California State Association of Counties – Excess Insurance Authority (CSAC-EIA) for excess workers' compensation claims in excess of \$1 million per occurrence. The City's relationship with CSAC-EIA will continue until all claims in the relative period are resolved.

Effective July 1, 2019, the City was accepted as a member of Independent Cities Risk Management Authority (ICRMA), a qualified risk pool, currently with 17 other southern California cities, for both general liability and workers' compensation excess coverage for all claims with dates of incident of July 1, 2019 going forward. Under these programs, the City is permissibly self-insured for workers' compensation claims up to \$2 million each occurrence with Statutory Coverage.

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 general liability and workers' compensation programs.

Claims expenses and liabilities are reported in accordance with the Memoranda of Coverage and associated reporting procedures with BICEP, CSAC-EIA and ICRMA, including, 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 (IBNR). 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, 2020, the outstanding losses for the workers' compensation and general 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, 2020.

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

Changes in the balances of claims liabilities since July 1, 2018 resulted from the following:

	<u>Workers Compensation</u>	<u>Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2018	\$ 24,769,129	\$ 12,989,712	\$ 37,758,841
Claims and Changes in Estimate	11,869,035	5,332,080	17,201,115
Claims Payments	<u>(5,728,659)</u>	<u>(4,336,900)</u>	<u>(10,065,559)</u>
Unpaid Claims - June 30, 2019	30,909,505	13,984,892	44,894,397
Less Discount Taken	<u>(4,041,638)</u>	<u>(425,737)</u>	<u>(4,467,375)</u>
Net Unpaid Claims - June 30, 2019	<u>\$ 26,867,867</u>	<u>\$ 13,559,155</u>	<u>\$ 40,427,022</u>

	<u>Workers Compensation</u>	<u>Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2019	\$ 26,867,867	\$ 13,559,155	\$ 40,427,022
Claims and Changes in Estimate	9,553,555	4,876,816	14,430,371
Claims Payments	<u>(5,208,967)</u>	<u>(4,019,261)</u>	<u>(9,228,228)</u>
Unpaid Claims - June 30, 2020	31,212,455	14,416,710	45,629,165
Less Discount Taken	<u>(4,068,392)</u>	<u>(440,888)</u>	<u>(4,509,280)</u>
Net Unpaid Claims - June 30, 2020	<u>\$ 27,144,063</u>	<u>\$ 13,975,822</u>	<u>\$ 41,119,885</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the total for the internal service funds claims payable is included as part of the \$41.1 million of claims payable for governmental activities.

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, 2020 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, 2020

NOTE 4. OTHER INFORMATION (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.

Proposition 218. During October, 2017, the City engaged a third-party consultant to conduct a comprehensive analysis of its Enterprise Funds for the purpose of determining compliance with Proposition 218. Enterprise Fund expenses are property related. In November 2019, the City Council conducted a public meeting and adopted a resolution to adjust water and sewer rates effective January 1, 2020, July 1, 2020, and each successive July 1 through 2023.

COVID-19. On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. Although many of the City's services are considered essential, City Hall was temporarily closed to the public and certain other services transitioned to online only. However, the ultimate financial impact and duration cannot be estimated at this time.

The City was awarded \$32.4 million, from both the State of California and County of Orange, in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to address and/or mitigate the impact of the coronavirus on its residents, businesses, and facilities. A majority of the CARES Act funding will be incurred during the upcoming fiscal year 2020-21. Specifically, the City Council has authorized the CARES Act to be spent including but not limited to the following items:

- High Risk Resident Testing
- Risk Based Modeling
- Education and Outreach
- Various Assistance Programs (Small Business, Utilities, Rental, Childcare and Cultural Institutions)
- Personal Protective Equipment (PPE)
- Other indirect City Costs

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.

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

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.

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). 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. PEPRM miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. 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, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. 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.

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

The Plan's provisions and benefits in effect at the measurement date ended June 30, 2019, are summarized as follows:

	Miscellaneous	
	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 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1% to 2.5%
Required employee contribution rates	8%	5.50%
Required employer contribution (Normal Cost Rate)	9.767%	9.767%
Required employer contribution (Unfunded Liability) \$	18,337,141	Included in Tier 1

	Safety	
	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 (Normal Cost Rate)	21.914%	21.914%
Required employer contribution (Unfunded Liability) \$	19,367,208	Included in Tier 1

Employees Covered

At the measurement date ended June 30, 2019, the following employees were covered by the benefit terms of each Plan:

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	1,498	973
Inactive employees entitled to but not yet receiving benefits	859	167
Active employees	690	310
Total	3,047	1,450

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

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 2019-20, the rate is 5.50% (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. For fiscal year 2019-20, the Employer Normal Cost Rate was 22.36% for safety employees and 10.98% for non-safety employees. The City also contributed Employer Payment of Unfunded Liability of \$23.5 million for safety employees and \$21.4 million 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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. 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, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increase	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

Change of Assumptions

There were no changes of assumptions in fiscal year 2019-20.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 (PERF) cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

c. Changes in the Net Pension Liability:

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

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018 (VD) ⁽¹⁾	\$ 898,789,769	\$ 623,421,543	\$ 275,368,226
Changes in the year:			
Service cost	11,557,539	-	11,557,539
Interest on the total pension liability	63,170,975	-	63,170,975
Differences between expected and actual experience	1,887,415	-	1,887,415
Changes in assumptions	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution from the employer	-	23,585,463	(23,585,463)
Contribution from the employees	-	4,649,932	(4,649,932)
Net investment income	-	40,383,805	(40,383,805)
Benefit payments, including refunds of employee contributions	(45,891,602)	(45,891,602)	-
Administrative expense	-	(444,887)	444,887
Other Miscellaneous Income/(Expense)	-	1,444	(1,444)
Net changes during 2018-19	\$ 30,724,327	\$ 22,284,155	\$ 8,440,172
Balance at June 30, 2019 (MD) (1)	\$ 929,514,096	\$ 645,705,698	\$ 283,808,398

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018 (VD) ⁽¹⁾	\$ 1,129,044,570	\$ 773,492,688	\$ 355,551,882
Changes in the year:			
Service cost	13,194,125	-	13,194,125
Interest on the total pension liability	79,725,420	-	79,725,420
Differences between expected and actual experience	12,947,427	-	12,947,427
Changes in assumptions	-	-	-
Plan to plan Resource Movement	-	-	-
Contribution from the employer	-	27,159,274	(27,159,274)
Contribution from the employees	-	3,973,090	(3,973,090)
Net investment income	-	49,864,238	(49,864,238)
Benefit payments, including refunds of employee contributions	(67,096,452)	(67,096,452)	-
Administrative expense	-	(551,981)	551,981
Other Miscellaneous Income/(Expense)	-	1,796	(1,796)
Net changes during 2018-19	\$ 38,770,520	\$ 13,349,965	\$ 25,420,555
Balance at June 30, 2019 (MD) (1)	\$ 1,167,815,090	\$ 786,842,653	\$ 380,972,437

⁽¹⁾ The table above is based on the Valuation Date (VD) June 30, 2018 and the Measurement Date (MD) of June 30, 2019.

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

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 of 7.15%, 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 (6.15%), or 1-percentage point higher (8.15%) than the current rate:

	<u>Miscellaneous</u>		<u>Safety</u>
1% Decrease	6.15%		6.15%
Net Pension Liability	\$ 405,971,455	\$	530,738,457
Current Discount Rate	7.15%		7.15%
Net Pension Liability	\$ 283,808,398	\$	380,972,437
1% Increase	8.15%		8.15%
Net Pension Liability	\$ 182,899,192	\$	257,656,429

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2020, the City recognized pension expense of \$54.9 million for safety plan and \$40.2 million for non-safety employees. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 28,459,807	\$	-
Differences between expected and actual experience	1,389,312		-
Changes of assumptions	-		(758,198)
Net differences between projected and actual earnings on pension plan investments	-		(2,891,367)
Total	\$ 29,849,119	\$	(3,649,565)

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 33,630,219	\$ -
Differences between actual and expected experience	8,597,351	-
Changes of assumptions	-	(745,087)
Net differences between projected and actual earnings on pension plan investments	-	(3,527,283)
Total	\$ 42,227,570	\$ (4,272,370)

\$62.1 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 ending June 30, 2021. 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
2021	\$ 2,991,124	\$ 8,858,079	\$ 11,849,203
2022	(5,060,313)	(4,191,465)	(9,251,778)
2023	(880,329)	(1,141,704)	(2,022,033)
2024	689,265	800,071	1,489,336
2025	-	-	-
Thereafter	-	-	-

e. Payable to the Pension Plan:

As of June 30, 2020, the City had \$1.5 million of contributions payable to the pension plan required for the year ended June 30, 2020.

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan

1. 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.

2. 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.

3. Funding Policy:

The City has made available an original annual amount of \$119,768 to the plan in accordance with the payment terms defined by the plan. This amount has increased annually due to an annual compounding cost of living adjustment of two percent (2%) per year. For fiscal year 2019-20, the City's annual PARS contribution was \$136,213.

4. 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, 2020, using an annual actuarial valuation as of June 30, 2020. 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, 2020

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	6/30/2020	
Measurement Date	6/30/2020	
Actuarial Cost Method	Entry-Age Normal	
Amortization Method:		
Level percent or level dollar	Level dollar	
Closed, open, or layered periods	Closed	
Amortization period at 06/30/2020	12 Years	
Amortization growth rate	0.00%	
Asset Valuation Method:		
Smoothing period	None	
Recognition method	None	
Corridor	None	
Actuarial Assumptions:		
Inflation	N/A	
Projected Salary Increase	N/A	
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, 2020, the plan's fiduciary net position is not projected to be sufficient in the first year of the projection.

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan (Continued)

The primary assumption in determining the sufficiency of a plan's fiduciary net position relates to expected employer contributions. As of June 30, 2020, 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 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020 resulting in an increase in the single equivalent rate from 3.50% as of July 1, 2019 to 2.21% as of June 30, 2020.

The unfunded liability, referred to as the Net Pension Liability, is \$2.6 million for a funded ratio of 2.60% as of June 30, 2020.

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%	-0.22%	-0.20%
Assumed Inflation- Mean			2.21%	2.20%
Assumed Inflation - Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			-0.22%	-0.20%
Portfolio Nominal Mean Return			2.00%	1.99%
Portfolio Standard Deviation				1.20%
Long-Term Expected Rate of Return				6.00%

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan (Continued)

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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2019	\$ 2,387,957	\$ 67,025	\$ 2,320,932
Service cost	-	-	-
Interest on total pension liability	81,361	-	81,361
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(70,232)	-	(70,232)
Effect of assumptions changes or inputs	381,181	-	381,181
Benefit payments	(127,739)	(127,739)	-
Employer contributions	-	136,213	(136,213)
Member contributions	-	-	-
Net investment income	-	820	(820)
Administrative expenses	-	(7,256)	7,256
Balances at June 30, 2020	<u>\$ 2,652,528</u>	<u>\$ 69,063</u>	<u>\$ 2,583,465</u>

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 2.21%, 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 (1.21%) or 1 percentage point higher (3.21%) than the current rate.

	Current		
	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Net pension liability	\$ 2,952,114	\$ 2,583,465	\$ 2,280,099

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

As of June 30, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	\$ 5,946	\$ -
Total	<u>\$ 5,946</u>	<u>\$ -</u>

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan (Continued)

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

Period Ending June 30	Amount
2021	\$ 2,442
2022	1,740
2023	1,118
2024	646
2025	-
Thereafter*	-

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

6. Pension Expense:

	July 1, 2019 to June 30, 2020
Service cost	\$ -
Interest on total pension liability	81,361
Effect of plan changes	-
Administrative expenses	7,256
Member contributions	-
Expected investment return net of investment expenses	(4,058)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	(70,232)
Recognition of assumption changes or inputs	381,181
Recognition of investment gains or losses	3,195
Pension Expense	\$ 398,703

The total pension expense for both Defined Benefit Pension Plan administered by CalPERS and Supplementary Retirement Plan administered by PARS is \$95.5 million.

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Other Post-Employment Benefits (OPEB) Plan

a. Plan Description

The City provides a single-employer defined benefit healthcare plan to retirees through CalPERS under the California Public Employees Medical & Hospital Care Act (PEMHCA). 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 represented groups (excluding POA) joined PEMHCA on 1/1/99. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a separate report. The CalPERS Board of Administration consists of thirteen members who are elected, appointed, or hold office ex officio. The board composition is mandated by law and can only be changed by a majority of the registered voters in the state.

b. Eligibility:

Employees are eligible for PEMHCA benefits if they retire from the City on or after age 50 for all Classic Members and PEPRA Safety member and age 52 for PEPRA Miscellaneous members with at least 5 years of CalPERS service credit or an approved disability retirement, 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 until both contribution amounts became equal at the end of 2018. The City began contributing the equal method for both active and retired members in 2019. The City paid 100% \$136 for calendar year 2019 and 100% \$139 for calendar year 2020 per active safety & miscellaneous employee and retirees 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. This concluded on December 31, 2018. Equal method began on January 1, 2019. The CalPERS Board of Administration approves the employer contribution rate and plan changes annually based on Government Code section 22892. During the fiscal year 2019-20 (measurement period 2018-19), the total City's PEMHCA contribution was \$0.7 million and the implicit subsidy was \$.8 million for a total of \$1.5 million.

d. Employees Covered

As of the June 30, 2019 measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees currently receiving benefits	437
Inactives entitled to but not yet receiving benefits	83
Active employees	490
Total	<u>1,010</u>

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Other Post-Employment Benefits (OPEB) Plan (Continued)

e. Total OPEB Liability

The City's total OPEB liability of \$53.1 million was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.79%
Inflation	2.75%
Projected Salary Increase	3.00% per annum, in aggregate
Healthcare Cost Trend Rates	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076
Pre-retirement Turnover	Derived from CalPERS pension plan
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

Demographic actuarial assumptions used in this valuation are based on the California Public Employees Retirement System (CalPERS) 1997-2015 Experience Study.

Discount Rate

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Index. As of the beginning and end of Measurement period, use of this index results in discount rates of 2.98% as of June 30, 2018 and 2.79% as of June 30, 2019.

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Other Post-Employment Benefits (OPEB) Plan (Continued)

Changes in Total OPEB Liability

The changes in total OPEB liability are as follows:

		<u>Total OPEB Liability</u>
Balance at June 30, 2019 ⁽¹⁾	\$	56,891,621
Changes in the Year:		
Service cost		1,399,500
Interest on the total OPEB liability		1,706,665
Differences between expected and actual experience		872,243
Changes of assumptions		(5,711,635)
Benefit payments		(2,040,940)
Net Changes		<u>(3,774,167)</u>
Balance at June 30, 2020 ⁽¹⁾	\$	<u><u>53,117,454</u></u>

(1) The table above is based on the Valuation Date of June 30, 2019 and the Measurement Date of June 30, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.79%</u>	<u>2.79%</u>	<u>3.79%</u>
Total OPEB Liability	\$ 63,261,890	\$ 53,117,454	\$ 45,225,706

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Other Post-Employment Benefits (OPEB) Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 44,684,913	\$ 53,117,454	\$ 64,082,811

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$1,676,550. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made subsequent to measurement date	\$	1,572,333	\$ -
Change of assumptions		679,932	5,789,535
Difference between expected and actual experience		710,717	-
Total	\$	<u>2,962,982</u>	<u>\$ 5,789,535</u>

The change in assumptions and difference between expected and actual experience are amortized over the expected average remaining service life. The expected average remaining service life for the 2018-19 measurement period is 5.4 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30		Amount
2021	\$	(1,429,615)
2022		(929,381)
2023		(785,234)
2024		(896,184)
2025		(358,472)
Thereafter		-

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

H. Classification of Fund Balances

The City's fund balances at June 30, 2020 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	Capital Projects Housing Successor Agency	Capital Projects Street Construction	-			
Nonspendable:										
Prepaid Items	\$ -	\$ -	\$ 13,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,425
Total Nonspendable	-	-	13,425	-	-	-	-	-	-	13,425
Restricted:										
Debt service	-	-	-	-	-	-	159,517	-	-	159,517
Public works streetlight project	1,475,047	-	-	-	-	-	-	-	-	1,475,047
Public safety grants	-	2,949,601	-	-	-	-	-	-	-	2,949,601
Housing & urban development	-	6,456,433	4,731,944	-	29,197,585	-	-	-	13,077,278	53,463,240
Community services & planning	-	2,489	-	-	-	-	-	-	-	2,489
Recreation services	-	279,688	-	-	-	-	-	-	-	279,688
Street capital improvement projects	-	-	-	23,127,815	-	37,378,315	-	-	-	60,506,130
Drainage construction	-	-	-	-	-	-	-	-	3,404,071	3,404,071
Inmate welfare	-	-	-	-	-	-	-	-	1,011,511	1,011,511
Sewer system maintenance	-	-	-	-	-	-	-	-	12,358,215	12,358,215
Air quality improvements	-	-	-	-	-	-	-	-	1,400,245	1,400,245
Park acquisition & development	-	-	-	-	-	-	-	-	14,948,445	14,948,445
Community development capital projects	-	-	-	-	-	-	-	-	5,824,316	5,824,316
Capital grants	-	-	-	-	-	-	-	-	23,083	23,083
Pension stability funds	522,042	-	-	-	-	-	-	-	-	522,042
Total restricted	1,997,089	9,688,211	4,731,944	23,127,815	29,197,585	37,378,315	159,517	52,047,164	-	158,327,640
Assigned:										
Contractual obligations	4,491,204	-	-	-	-	-	-	-	-	4,491,204
Surplus Allocation FY14-15:										
Equipment & system upgrades	322,101	-	-	-	-	-	-	-	-	322,101
General Plan updates	704,178	-	-	-	-	-	-	-	-	704,178
Community Art Project	18,000	-	-	-	-	-	-	-	-	18,000
City Services	402,512	-	-	-	-	-	-	-	-	402,512
City Public Safety & Community Benefit Programs	1,005,069	-	-	-	-	-	-	-	-	1,005,069
Fire Facilities Fund	1,350,958	-	-	-	-	-	-	-	-	1,350,958
Cable TV (PEG)	1,122,759	-	-	-	-	-	-	-	-	1,122,759
Continuing projects:										
Building/Public Works Improvements & Vehicle Maintenance	1,845,299	-	-	-	-	-	-	-	-	1,845,299
Economic Development Initiatives	218,098	-	-	-	-	-	-	-	-	218,098
Information Technology Systems Improvements	581,590	-	-	-	-	-	-	-	-	581,590
Recreation and Library Improvements	6,211,670	-	-	-	-	-	-	-	-	6,211,670
Police Department Program & Equipment	175,040	-	-	-	-	-	-	-	-	175,040
Census Outreach	100,000	-	-	-	-	-	-	-	-	100,000
Cannabis Public Benefit	2,908,902	-	-	-	-	-	-	-	-	2,908,902
Total assigned	21,457,380	-	-	-	-	-	-	-	-	21,457,380
Unassigned:										
General Fund										
Operating Reserve	53,065,873	-	-	-	-	-	-	-	-	53,065,873
Economic Uncertainty Reserve	3,183,316	-	-	-	-	-	-	-	-	3,183,316
Unallocated Amount	17,720,243	-	-	-	-	-	-	-	-	17,720,243
Special Revenue Funds	-	(3,336,799)	-	-	-	-	-	-	(394,465)	(3,731,264)
Capital Projects Funds	-	-	-	-	-	-	-	-	(4,728,535)	(4,728,535)
Total unassigned	73,969,432	(3,336,799)	-	-	-	-	-	-	(5,123,000)	65,509,633
Total	\$ 97,423,901	\$ 6,351,412	\$ 4,745,369	\$ 23,127,815	\$ 29,197,585	\$ 37,378,315	\$ 159,517	\$ 46,924,164	\$ -	\$ 245,308,078

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

For the Year Ended June 30, 2020

NOTE 4. OTHER INFORMATION (CONTINUED):

H. Classification of Fund Balances (Continued)

On June 6, 2017, 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 a General Fund Operating Reserve (16.67 to 20% of General Fund operating revenues or expenditures including transfers) and an Economic Uncertainty Reserve account (1 to 10% of recurring General Fund revenues) in the event of loss of revenues and/or increase in expenditures as a result of a market downturn.

Upon determination that negative variations in projected revenues from the largest revenue sources exceed 2% with no corresponding General Fund expenditure offset, the City Council may authorize use of the Economic Uncertainty Reserve by a two thirds vote to offset the revenue loss prior to the close of the fiscal year end. A corresponding plan to replenish the reserve account must be adopted by the same vote. However, authorization to utilize the Economic Uncertainty Reserve beyond two consecutive years is strictly prohibited.

If at any point it is deemed that the City budget is performing at a budgetary structural deficit and a fiscal emergency is declared, the use of the General Fund Operating Reserve is permissible for up to two consecutive fiscal years upon approval by two thirds of the City Council. The utilization of the Operating Reserve in year two (2) requires a plan to replenish the funds utilized.

I. Subsequent Events

Events occurring after June 30, 2020 have been evaluated for possible adjustments to the financial statements or disclosure as of December 10, 2020, which is the date these financial statements were available to be issued.



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Required Supplementary Information

Required Supplementary
Information



General Fund
Budgetary Comparison Schedule
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 147,053,500	\$ 145,366,534	\$ 151,190,715	\$ 5,824,181
License and permits	6,764,600	4,599,600	5,215,322	615,722
Intergovernmental	114,960,400	112,001,100	110,861,657	(1,139,443)
Charges for services	17,182,500	17,794,300	17,460,104	(334,196)
Fines and forfeits	6,176,000	4,863,000	5,916,559	1,053,559
Investment income	618,000	618,000	1,981,897	1,363,897
Cost recoveries and donations	13,689,840	14,196,440	13,740,176	(456,264)
Rental income	16,030,900	16,016,800	16,714,523	697,723
Miscellaneous	95,100	118,860	121,356	2,496
Total revenues	<u>322,570,840</u>	<u>315,574,634</u>	<u>323,202,309</u>	<u>7,627,675</u>
Expenditures:				
Current:				
General Government:				
City Council	502,170	570,847	486,568	84,279
Clerk of the Council	1,682,560	2,407,420	1,720,280	687,140
City Attorney	3,541,190	3,645,226	3,091,974	553,252
City Manager	2,772,090	2,836,752	1,827,255	1,009,497
Nondepartmental	38,299,780	39,178,562	38,195,457	983,105
Total General Government	<u>46,797,790</u>	<u>48,638,807</u>	<u>45,321,534</u>	<u>3,317,273</u>
Human Resources	2,740,360	2,803,071	2,070,213	732,858
Finance and Management Services	9,842,970	10,516,761	8,696,994	1,819,767
Museum	1,473,430	1,473,430	1,472,977	453
Library	5,255,640	5,324,484	4,304,748	1,019,736
Recreation and Community Services	23,682,800	23,069,161	18,900,061	4,169,100
Police Department	133,444,670	135,267,602	133,356,220	1,911,382
Fire Department	46,437,190	46,437,190	47,480,567	(1,043,377)
Planning and Building	16,743,970	18,169,562	12,991,719	5,177,843
Public Works	11,274,960	12,022,170	10,044,017	1,978,153
Community Development	3,818,520	4,709,650	2,910,203	1,799,447
	<u>254,714,510</u>	<u>259,793,081</u>	<u>242,227,719</u>	<u>17,565,362</u>
Capital Outlay	4,195,140	11,715,132	7,071,511	4,643,621
Debt Service:				
Principal retirement	2,493,640	2,534,821	1,871,017	663,804
Interest and fiscal charges	175,800	175,800	573,995	(398,195)
Total expenditures	<u>308,376,880</u>	<u>322,857,641</u>	<u>297,065,776</u>	<u>25,791,865</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,193,960</u>	<u>(7,283,007)</u>	<u>26,136,533</u>	<u>33,419,540</u>
Other financing sources (uses):				
Transfers in	-	6,600,000	6,632,780	32,780
Transfers out	(10,757,640)	(10,757,640)	(10,757,640)	-
Total other financing sources (uses)	<u>(10,757,640)</u>	<u>(4,157,640)</u>	<u>(4,124,860)</u>	<u>32,780</u>
Net change in fund balances	3,436,320	(11,440,647)	22,011,673	33,452,320
Fund balance - beginning	<u>75,412,228</u>	<u>75,412,228</u>	<u>75,412,228</u>	<u>-</u>
Fund balance - ending	<u>\$ 78,848,548</u>	<u>\$ 63,971,581</u>	<u>\$ 97,423,901</u>	<u>\$ 33,452,320</u>

See accompanying Notes to Required Supplementary Information.

Special Revenue Housing Authority Fund
Budgetary Comparison Schedule
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 40,300,600	\$ 41,995,640	\$ 39,846,977	\$ (2,148,663)
Investment income	41,900	41,900	53,065	11,165
Cost recoveries	-	-	53,373	53,373
Miscellaneous	172,000	172,000	138,157	(33,843)
Total revenues	40,514,500	42,209,540	40,091,572	(2,117,968)
Expenditures:				
Current:				
Community development	40,638,250	42,333,290	38,703,362	3,629,928
Total expenditures	40,638,250	42,333,290	38,703,362	3,629,928
Excess (deficiency) of revenues over (under) expenditures	(123,750)	(123,750)	1,388,210	1,511,960
Net change in fund balance	(123,750)	(123,750)	1,388,210	1,511,960
Fund balance - beginning	3,357,159	3,357,159	3,357,159	-
Fund balance - ending	\$ 3,233,409	\$ 3,233,409	\$ 4,745,369	\$ 1,511,960

See accompanying Notes to Required Supplementary Information.

**Special Revenue Gas Tax Fund
Budgetary Comparison Schedule
Year ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 14,421,080	\$ 14,777,083	\$ 13,662,012	\$ (1,115,071)
Investment income	-	-	737,775	737,775
Total revenues	<u>14,421,080</u>	<u>14,777,083</u>	<u>14,399,787</u>	<u>(377,296)</u>
Expenditures:				
Current:				
Public works	4,651,630	4,712,622	4,093,460	619,162
Debt Service:				
Principal retirement	1,675,000	2,765,000	58,705,000	(55,940,000)
Interest and fiscal charges	<u>2,503,930</u>	<u>1,413,930</u>	<u>2,322,661</u>	<u>(908,731)</u>
Total expenditures	<u>8,830,560</u>	<u>8,891,552</u>	<u>65,121,121</u>	<u>(56,229,569)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,590,520</u>	<u>5,885,531</u>	<u>(50,721,334)</u>	<u>(56,606,865)</u>
Other financing uses:				
Transfers out	(5,808,500)	(14,465,323)	(4,767,497)	9,697,826
Proceeds from issuance of bonds			44,650,000	44,650,000
Payment to refunded bond escrow agent	-	-	8,798,099	8,798,099
Total other financing uses	<u>(5,808,500)</u>	<u>(14,465,323)</u>	<u>48,680,602</u>	<u>63,145,925</u>
Net change in fund balance	(217,980)	(8,579,792)	(2,040,732)	6,539,060
Fund balance - beginning	<u>25,168,547</u>	<u>25,168,547</u>	<u>25,168,547</u>	-
Fund balance - ending	<u>\$ 24,950,567</u>	<u>\$ 16,588,755</u>	<u>\$ 23,127,815</u>	<u>\$ 6,539,060</u>

See accompanying Notes to Required Supplementary Information.

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

For the Year Ended June 30, 2020

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 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 Public Works 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.

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

For the Year Ended June 30, 2020

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. All other annual appropriations lapse at fiscal year-end to the extent that they have not been expended or lawfully encumbered. After the adoption of the budget, the City Council may amend or supplement the budget and appropriate unused balances. Furthermore, revisions to the budget may be made, upon City Council approval, for appropriation for one purpose to another purpose or appropriation of available revenue not previously included in the budget. 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
REQUIRED SUPPLEMENTARY INFORMATION
(CONTINUED)**

For the Year Ended June 30, 2020

**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 ⁽¹⁾**

Fiscal year ended Measurement period	June 30, 2020		June 30, 2019		June 30, 2018	
	June 30, 2019		June 30, 2018		June 30, 2017	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
TOTAL PENSION LIABILITY						
Service cost	\$ 11,557,539	\$ 13,194,125	\$ 11,348,737	\$ 12,192,473	\$ 11,036,864	\$ 11,809,664
Interest on the total pension liability	63,170,975	79,725,420	61,037,490	77,086,590	59,176,108	75,330,724
Changes of Benefit Terms	-	-	-	-	-	-
Differences between expected and actual experience	1,887,415	12,947,427	1,935,068	4,973,371	(10,220,370)	(12,297,897)
Changes in assumptions	-	-	(4,549,188)	(4,470,521)	49,432,900	60,902,020
Benefit payments, including refunds of employee contributions	(45,891,602)	(67,096,452)	(43,186,575)	(64,544,773)	(40,256,356)	(62,009,422)
Net Change in Total Pension Liability	30,724,327	38,770,520	26,585,532	25,237,140	69,169,146	73,735,089
Total Pension Liability - Beginning	898,789,769	1,129,044,570	872,204,237	1,103,807,430	803,035,091	1,030,072,341
Total Pension Liability - Ending (a)	\$ <u>929,514,096</u>	\$ <u>1,167,815,090</u>	\$ <u>898,789,769</u>	\$ <u>1,129,044,570</u>	\$ <u>872,204,237</u>	\$ <u>1,103,807,430</u>
PLAN FIDUCIARY NET POSITION						
Contribution from the employer	\$ 23,585,463	\$ 27,159,274	\$ 21,163,207	\$ 24,277,484	\$ 18,415,225	\$ 20,329,015
Contribution from the employee	4,649,932	3,973,090	5,111,516	4,155,374	4,850,487	3,670,011
Net investment income	40,383,805	49,864,238	49,494,120	61,839,581	60,753,784	77,563,585
Benefit payments, including refunds of employee contributions	(45,891,602)	(67,096,452)	(43,186,575)	(64,544,773)	(40,256,356)	(62,009,422)
Net Plan to Plan Resource Movement	-	-	(1,444)	(1,796.00)	-	-
Administrative expenses	(444,887)	(551,981)	(924,871)	(1,170,514)	(812,882)	(1,052,193)
Other Miscellaneous Income/(Expense)	1,444	1,796	(1,756,345)	(2,222,827)	-	-
Net change in Fiduciary Net position	22,284,155	13,349,965	29,899,608	22,332,529	42,950,258	38,500,996
Plan Fiduciary Net Position - Beginning	623,421,543	773,492,688	593,521,935	751,160,159	550,571,677	712,659,163
Plan Fiduciary Net Position - Ending (b)	\$ <u>645,705,698</u>	\$ <u>786,842,653</u>	\$ <u>623,421,543</u>	\$ <u>773,492,688</u>	\$ <u>593,521,935</u>	\$ <u>751,160,159</u>
Plan Net Pension Liability/(Asset) Ending (a) - (b)	\$ <u>283,808,398</u>	\$ <u>380,972,437</u>	\$ <u>275,368,226</u>	\$ <u>355,551,882</u>	\$ <u>278,682,302</u>	\$ <u>352,647,271</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.47%	67.38%	69.36%	68.51%	68.05%	68.05%
Covered payroll	\$ 59,686,019	\$ 41,120,637	\$ 60,481,440	\$ 38,001,725	\$ 59,794,476	\$ 36,014,956
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	475.50%	926.48%	455.29%	935.62%	466.07%	979.17%

(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 five years are shown.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions:

From Fiscal Year June 30, 2015 to June 30, 2016:

GASB 68, 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.

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

For the Year Ended June 30, 2020

**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 ⁽¹⁾**

<u>June 30, 2017</u>		<u>June 30, 2016</u>		<u>June 30, 2015</u>	
<u>June 30, 2016</u>		<u>June 30, 2015</u>		<u>June 30, 2014</u>	
<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>
\$ 9,746,396	\$ 10,455,350	\$ 9,672,344	\$ 10,747,904	\$ 10,195,939	\$ 11,422,391
58,091,618	74,975,420	56,329,663	72,730,571	54,166,684	70,618,409
-	-	-	-	-	-
(5,558,589)	4,319,662	(900,398)	(955,751)	-	-
-	-	(13,889,017)	(17,407,256)	-	-
<u>(38,594,541)</u>	<u>(60,403,213)</u>	<u>(36,302,165)</u>	<u>(56,211,627)</u>	<u>(34,094,639)</u>	<u>(52,174,231)</u>
23,684,884	29,347,219	14,910,427	8,903,841	30,267,984	29,866,569
<u>779,350,207</u>	<u>1,000,725,122</u>	<u>764,439,780</u>	<u>991,821,281</u>	<u>734,171,796</u>	<u>961,954,712</u>
\$ <u>803,035,091</u>	\$ <u>1,030,072,341</u>	\$ <u>779,350,207</u>	\$ <u>1,000,725,122</u>	\$ <u>764,439,780</u>	\$ <u>991,821,281</u>
\$ 16,951,369	\$ 17,021,875	\$ 14,336,768	\$ 15,096,410	\$ 12,836,905	\$ 11,118,596
4,876,243	3,625,596	4,982,824	3,829,695	5,076,392	3,758,344
2,859,074	3,667,781	12,722,834	17,008,914	85,824,721	117,187,596
(38,594,541)	(60,403,213)	(36,302,165)	(56,211,627)	(34,094,639)	(52,174,231)
497	(497)	63	-	-	-
(344,230)	(456,601)	(635,613)	(843,530)	-	-
-	-	-	-	-	-
<u>(14,251,588)</u>	<u>(36,545,059)</u>	<u>(4,895,289)</u>	<u>(21,120,138)</u>	<u>69,643,379</u>	<u>79,890,305</u>
564,823,265	749,204,222	569,718,554	770,324,360	500,075,175	690,434,055
\$ <u>550,571,677</u>	\$ <u>712,659,163</u>	\$ <u>564,823,265</u>	\$ <u>749,204,222</u>	\$ <u>569,718,554</u>	\$ <u>770,324,360</u>
\$ <u>252,463,414</u>	\$ <u>317,413,178</u>	\$ <u>214,526,942</u>	\$ <u>251,520,900</u>	\$ <u>194,721,226</u>	\$ <u>221,496,921</u>
68.56%	69.19%	72.47%	74.87%	74.53%	77.67%
\$ 59,115,644	\$ 35,670,399	\$ 58,022,457	\$ 36,512,787	\$ 57,613,942	\$ 37,782,453
427.07%	889.85%	369.73%	688.86%	337.98%	586.24%

From Fiscal Year June 30, 2016 to June 30, 2017:
There were no changes of assumptions.

From Fiscal Year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

From Fiscal Year June 30, 2018 to June 30, 2019:
There were no significant changes of assumptions.

From Fiscal Year June 30, 2018 to June 30, 2020:
There were no significant changes of assumptions.

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

For the Year Ended June 30, 2020

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

Fiscal year ended	2020		2019		2018	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Actuarially Determined Contribution	\$ 28,459,807	\$ 33,630,219	\$ 24,143,358	\$ 27,718,529	\$ 21,182,283	\$ 24,212,791
Contributions in Relation to the Actuarially Determined Contribution	<u>(28,459,807)</u>	<u>(33,630,219)</u>	<u>(24,143,358)</u>	<u>(27,718,529)</u>	<u>(21,182,283)</u>	<u>(24,212,791)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered Payroll	\$ 64,563,229	\$ 47,789,799	\$ 59,686,019	\$ 41,120,637	\$ 60,481,440	\$ 38,001,725
Contributions as a Percentage of Covered Payroll	44.08%	70.37%	40.45%	67.41%	35.02%	63.71%

(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 five years are shown.

Notes to Schedule:

Fiscal year ended	2020		2019		2018	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Valuation Date	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Actuarial Assumptions:						
Discount Rate	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%
Inflation	2.63%	2.63%	2.75%	2.75%	2.75%	2.75%
Projected Salary Increase	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.25% ⁽³⁾	7.25% ⁽³⁾	7.375% ⁽³⁾	7.375% ⁽³⁾	7.5% ⁽³⁾	7.5% ⁽³⁾
Mortality	(4)	(4)	(4)	(4)	(4)	(4)

(1) Level percentage of payroll, closed.

(2) Varies by entry age, service and type of employment.

(3) Net of Pension Plan Investment and Administrative Expenses; including inflation.

(4) The probabilities of mortality are based mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

For the Year Ended June 30, 2020

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

2017		2016		2015	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
\$ 18,407,185	\$ 20,199,997	\$ 16,941,372	\$ 17,016,579	\$ 14,518,009	\$ 14,690,045
(18,407,185)	(20,199,997)	(16,941,372)	(17,016,579)	(14,518,009)	(14,690,045)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 59,794,476	\$ 36,014,956	\$ 59,115,644	\$ 35,670,399	\$ 58,022,457	\$ 36,512,787
30.78%	56.09%	28.66%	47.71%	25.02%	40.23%

Notes to Schedule:

2017		2016		2015	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
June 30, 2014	June 30, 2014	June 30, 2013	June 30, 2013	June 30, 2012	June 30, 2012
Entry-Age Normal Cost Method (1)	Entry-Age Normal Cost Method (1)	Entry-Age Normal Cost Method (1)	Entry-Age Normal Cost Method (1)	Entry-Age Normal Cost Method (1)	Entry-Age Normal Cost Method (1)
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
7.65%	7.65%	7.65%	7.65%	7.50%	7.50%
2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
(2)	(2)	3.3% - 24.2% ⁽²⁾	3.3% - 24.2% ⁽²⁾	Varies by Entry Age and Service	Varies by Entry Age and Service
7.5% ⁽³⁾	7.5% ⁽³⁾	7.5% ⁽³⁾	7.5% ⁽³⁾	7.5% ⁽³⁾	7.5% ⁽³⁾
(4)	(4)	(4)	(4)	(4)	(4)

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

For the Year Ended June 30, 2020

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

Fiscal year ended	2020	2019	2018
Total Pension Liability			
Service cost	\$ -	\$ -	\$ -
Interest on the total pension liability	81,361	87,013	84,322
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(70,232)	15,006	14,150
Effect of assumptions changes or inputs	381,181	100,758	(81,490)
Benefit payments	(127,739)	(125,234)	(122,778)
Net Change in Total Pension Liability	264,571	77,543	(105,796)
Total Pension Liability - Beginning	2,387,957	2,310,414	2,416,210
Total Pension Liability - Ending (a)	\$ 2,652,528	\$ 2,387,957	\$ 2,310,414
Plan Fiduciary Net Position			
Employer Contributions	136,213	133,543	130,924
Member Contributions	-	-	-
Net investment income net of investment expenses	820	1,543	671
Benefit payments	(127,739)	(125,234)	(122,778)
Administrative expenses	(7,256)	(7,114)	(6,976)
Net change in Fiduciary Net position	2,038	2,738	1,841
Plan Fiduciary Net Position - Beginning	67,025	64,287	62,446
Plan Fiduciary Net Position - Ending (b)	\$ 69,063	\$ 67,025	\$ 64,287
Plan Net Pension Liability/(Asset) Ending (a) - (b)	\$ 2,583,465	\$ 2,320,932	\$ 2,246,127
Plan Fiduciary Net Position as a Percentage of the			
Total Pension Liability	2.60%	2.81%	2.78%
Covered Payroll	N/A	N/A	N/A
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	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 five years are shown.

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

For the Year Ended June 30, 2020

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

2017	2016	2015
\$ -	\$ -	\$ -
74,777	74,810	85,299
-	-	-
14,037	20,818	14,220
(235,753)	558,088	118,428
(120,371)	(118,011)	(115,697)
(267,310)	535,705	102,250
2,683,520	2,147,815	2,045,565
\$ 2,416,210	\$ 2,683,520	\$ 2,147,815
128,357	125,840	123,373
-	-	-
198	42	-
(120,371)	(118,011)	(115,697)
(6,838)	(13,132)	(148)
1,346	(5,261)	7,528
61,100	66,361	58,833
\$ 62,446	\$ 61,100	\$ 66,361
\$ 2,353,764	\$ 2,622,420	\$ 2,081,454
2.58%	2.28%	3.09%
N/A	N/A	N/A
N/A	N/A	N/A

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

For the Year Ended June 30, 2020

**An Agent Multiple-Employer Defined Benefit
Supplementary Retirement Plan
Schedule of Employer Contributions
Last Ten Fiscal Years ⁽¹⁾**

Fiscal Year ended 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
2017	172,079	128,357	43,722	N/A	N/A
2018	179,062	130,924	48,138	N/A	N/A
2019	186,950	133,543	53,407	N/A	N/A
2020	188,446	136,213	52,233	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.

Notes to Supplementary Retirement Plan:

Fiscal year ended	2020	2019	2018	2017	2016	2015
Valuation Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal
Amortization Method:						
Level percent or level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Closed, open, or layered periods	Closed	Closed	Closed	Closed	Closed	Closed
Amortization period	12 years	13 years	14 years	15 years	16 years	17 years
Amortization growth rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Valuation Method:						
Smoothing period	None	None	None	None	None	None
Recognition method	None	None	None	None	None	None
Corridor	None	None	None	None	None	None
Actuarial Assumptions						
Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Salary increases including inflatio	None	None	None	None	None	None
Long-term investment rate of retu	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Cost of Living	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Mortality	(A)	(A)	(A)	(A)	(A)	(B)

- (A) 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).
(B) Males: 1983 GAM Males (as prescribed by PARS). Females: 1983 GAM Females (as prescribed by PARS).

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

For the Year Ended June 30, 2020

**Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Ten Fiscal Years ⁽¹⁾**

Fiscal year ended Measurement period	June 30, 2020 June 30, 2019	June 30, 2019 June 30, 2018	June 30, 2018 June 30, 2017
<u>Total OPEB Liability:</u>			
Service cost	\$ 1,399,500	1,308,802	\$ 1,414,074
Interest on total OPEB liability	1,706,665	1,718,488	1,555,806
Actual vs. expected experience	872,243	-	-
Changes in assumptions	(5,711,635)	1,248,914	(3,589,376)
Benefit payments, including refunds of	(2,040,940)	(1,959,112)	(1,603,472)
Net Change in Total OPEB Liability	(3,774,167)	2,317,092	(2,222,968) (b)
Total OPEB Liability - Beginning of Year	56,891,621	54,574,529	56,797,497 (a)
Total OPEB Liability - Ending (a)-(b)	\$ 53,117,454	56,891,621	\$ 54,574,529
Covered payroll	\$ 43,457,755	45,109,856	\$ 47,394,045
Total OPEB liability as percentage of covered payroll	122.23%	126.12%	115.15%

(1) Historical information is required only for measurement period for which GASB 75 is applicable.
Fiscal year 2018 was the first year of implementation, therefore only two years are shown.

Notes to Schedule:

Fiscal year ended	2020	2019	2018
Valuation Date	June 30, 2019	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017
Funding Method	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal
Discount Rate	2.79%	2.98%	3.13%
Participants Valued	(A)	(A)	(A)
Salary Increase	3% per year	3.25% per year	3.25% per year
Assumed Wage Inflation		3.0% per year	3.0% per year
General Inflation Rate	2.75% per year	2.75% per year	2.75% per year
Mortality	(B)	(C)	(C)

(A) Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

(B) Demographic assumptions are based on the California Public Employees Retirement System 1997-2015.

(C) Demographic assumptions are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for a different basis used to project future mortality improvements.

Benefit Changes: There were no changes in benefits.

Changes of Assumptions:

From Fiscal Year June 30, 2018 to June 30, 2019: The discount rate was changed from 3.13% to 2.98%.

From Fiscal Year June 30, 2019 to June 30, 2020: Update to CalPERS new demographic assumptions, Society of Actuaries new mortality projection, and new S&P municipal bond rate used as the discount rate (2.79%).



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Supplementary Schedules



**Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020**

	Special Revenue Funds	Capital Projects Funds	Total
Assets			
Cash and investments	\$ 15,328,757	\$ 28,947,409	\$ 44,276,166
Receivables:			
Interest	47,585	85,981	133,566
Accounts	78,535	-	78,535
Intergovernmental	1,622,194	4,583,358	6,205,552
Loans and notes	-	6,145,000	6,145,000
Restricted assets:			
Cash and investments	-	2,615,836	2,615,836
 Total assets	 <u>17,077,071</u>	 <u>\$ 42,377,584</u>	 <u>59,454,655</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities:			
Accounts payable	1,250,085	827,500	2,077,585
Retention payable	174,222	131,161	305,383
Due to other funds	571,161	4,283,657	4,854,818
 Total liabilities	 <u>1,995,468</u>	 <u>5,242,318</u>	 <u>7,237,786</u>
Deferred inflows of resources:			
Unavailable revenues	706,097	4,586,608	5,292,705
Fund balances:			
Restricted	14,769,971	37,277,193	52,047,164
Unassigned	(394,465)	(4,728,535)	(5,123,000)
 Total fund balances	 <u>14,375,506</u>	 <u>32,548,658</u>	 <u>46,924,164</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 17,077,071</u>	 <u>\$ 42,377,584</u>	 <u>\$ 59,454,655</u>

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Taxes	\$ -	\$ 174,974	\$ 174,974
Intergovernmental	6,211,768	873,106	7,084,874
Charges for services	1,805,593	-	1,805,593
Investment income	286,292	514,134	800,426
Cost recoveries	803,983	1,180,686	1,984,669
Miscellaneous	-	67,557	67,557
Total revenues	<u>9,107,636</u>	<u>2,810,457</u>	<u>11,918,093</u>
Expenditures:			
Current:			
Human resources	14,052	-	14,052
Recreation and community services	4,137,214	137,166	4,274,380
Police department	2,552,577	-	2,552,577
Planning and building	72,250	-	72,250
Public works	69,017	-	69,017
Community development	-	1,832,902	1,832,902
Capital outlay	2,578,332	6,228,648	8,806,980
Debt Service:			
Principal retirement	4,576	-	4,576
Total expenditures	<u>9,428,018</u>	<u>8,198,716</u>	<u>17,626,734</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(320,382)</u>	<u>(5,388,259)</u>	<u>(5,708,641)</u>
Other financing sources:			
Transfers in	<u>1,179,400</u>	<u>-</u>	<u>1,179,400</u>
Total other financing sources	<u>1,179,400</u>	<u>-</u>	<u>1,179,400</u>
Net change in fund balances	859,018	(5,388,259)	(4,529,241)
Fund balances - beginning	<u>13,516,488</u>	<u>37,936,917</u>	<u>51,453,405</u>
Fund balances - ending	<u>\$ 14,375,506</u>	<u>\$ 32,548,658</u>	<u>\$ 46,924,164</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, 2020

	Sewer Connection Fee	Civic Center Maintenance
Assets		
Cash and investments	\$ 12,999,575	\$ -
Receivables:		
Interest	40,525	-
Accounts	-	-
Intergovernmental	-	1,516,500
Total assets	13,040,100	1,516,500
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	560,776	688,668
Retention payable	107,445	66,777
Due to other funds	-	571,161
Total liabilities	668,221	1,326,606
Deferred inflows of resources:		
Unavailable revenues	13,664	584,359
Fund balances (deficit):		
Restricted	12,358,215	-
Unassigned	-	(394,465)
Total fund balances (deficit)	12,358,215	(394,465)
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,040,100	\$ 1,516,500

NONMAJOR SPECIAL REVENUE FUNDS

Inmate Welfare	Air Quality Improvement	Total
\$ 931,734	\$ 1,397,448	\$ 15,328,757
2,840	4,220	47,585
78,535	-	78,535
-	105,694	1,622,194
<u>1,013,109</u>	<u>1,507,362</u>	<u>17,077,071</u>
641	-	1,250,085
-	-	174,222
-	-	571,161
<u>641</u>	<u>-</u>	<u>1,995,468</u>
<u>957</u>	<u>107,117</u>	<u>706,097</u>
1,011,511	1,400,245	14,769,971
-	-	(394,465)
<u>1,011,511</u>	<u>1,400,245</u>	<u>14,375,506</u>
<u>\$ 1,013,109</u>	<u>\$ 1,507,362</u>	<u>\$ 17,077,071</u>

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2020

	Sewer Connection Fee	Civic Center Maintenance	Inmate Welfare	Air Quality Improvement	Total
Revenues:					
Intergovernmental	\$ -	\$ 5,775,340	\$ -	\$ 436,428	\$ 6,211,768
Charges for services	1,805,593	-	-	-	1,805,593
Investment income	247,282	-	17,175	21,835	286,292
Cost recoveries	-	-	775,718	28,265	803,983
	<u>2,052,875</u>	<u>5,775,340</u>	<u>792,893</u>	<u>486,528</u>	<u>9,107,636</u>
Expenditures:					
Current:					
Human resources	-	-	-	14,052	14,052
Recreation and community services	-	4,137,214	-	-	4,137,214
Police department	-	2,000,000	552,577	-	2,552,577
Planning and building	-	-	-	72,250	72,250
Public works	-	-	-	69,017	69,017
Capital Outlay	2,561,249	-	-	17,083	2,578,332
Debt Service:					
Principal retirement	-	4,576	-	-	4,576
	<u>2,561,249</u>	<u>6,141,790</u>	<u>552,577</u>	<u>172,402</u>	<u>9,428,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(508,374)</u>	<u>(366,450)</u>	<u>240,316</u>	<u>314,126</u>	<u>(320,382)</u>
Other financing sources:					
Transfers in	-	1,179,400	-	-	1,179,400
Total other financing sources	<u>-</u>	<u>1,179,400</u>	<u>-</u>	<u>-</u>	<u>1,179,400</u>
Net change in fund balances	(508,374)	812,950	240,316	314,126	859,018
Fund balances (deficit) - beginning	<u>12,866,589</u>	<u>(1,207,415)</u>	<u>771,195</u>	<u>1,086,119</u>	<u>13,516,488</u>
Fund balances (deficit) - ending	<u>\$ 12,358,215</u>	<u>\$ (394,465)</u>	<u>\$ 1,011,511</u>	<u>\$ 1,400,245</u>	<u>\$ 14,375,506</u>

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds
Sewer Connection Fee
Budgetary Comparison Schedule
Year ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,050,500	\$ 1,050,500	\$ 1,805,593	\$ 755,093
Investment income	150,000	150,000	247,282	97,282
Total revenues	<u>1,200,500</u>	<u>1,200,500</u>	<u>2,052,875</u>	<u>852,375</u>
Expenditures:				
Capital Outlay	<u>5,263,000</u>	<u>14,070,591</u>	<u>2,561,249</u>	<u>11,509,342</u>
Total expenditures	<u>5,263,000</u>	<u>14,070,591</u>	<u>2,561,249</u>	<u>11,509,342</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,062,500)</u>	<u>(12,870,091)</u>	<u>(508,374)</u>	<u>12,361,717</u>
Net change in fund balance	(4,062,500)	(12,870,091)	(508,374)	12,361,717
Fund balance - beginning	<u>12,866,589</u>	<u>12,866,589</u>	<u>12,866,589</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,804,089</u>	<u>\$ (3,502)</u>	<u>\$ 12,358,215</u>	<u>\$ 12,361,717</u>

Nonmajor Special Revenue Funds
Civic Center Maintenance
Budgetary Comparison Schedule
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 7,503,000	\$ 7,503,000	\$ 5,775,340	\$ (1,727,660)
Total revenues	7,503,000	7,503,000	5,775,340	(1,727,660)
Expenditures:				
Current:				
Recreation and community services	6,682,400	6,682,400	4,137,214	2,545,186
Police department	2,000,000	2,000,000	2,000,000	-
Debt Service:				
Principal retirement	-	-	4,576	(4,576)
Total expenditures	8,682,400	8,682,400	6,141,790	2,540,610
Excess (deficiency) of revenues over (under) expenditures	(1,179,400)	(1,179,400)	(366,450)	812,950
Other financing sources:				
Transfers in	1,179,400	1,179,400	1,179,400	-
Total other financing sources	1,179,400	1,179,400	1,179,400	-
Net change in fund balance	-	-	812,950	812,950
Fund balance (deficit) - beginning	(1,207,415)	(1,207,415)	(1,207,415)	-
Fund balance (deficit) - ending	\$ (1,207,415)	\$ (1,207,415)	\$ (394,465)	\$ 812,950

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds
Inmate Welfare
Budgetary Comparison Schedule
Year ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 17,175	\$ 17,175
Cost recoveries	575,000	575,000	775,718	200,718
Total revenues	575,000	575,000	792,893	217,893
Expenditures:				
Current:				
Police department	1,193,800	826,418	552,577	273,841
Total expenditures	1,193,800	826,418	552,577	273,841
Excess (deficiency) of revenues over (under) expenditures	(618,800)	(251,418)	240,316	491,734
Net change in fund balance	(618,800)	(251,418)	240,316	491,734
Fund balance - beginning	771,195	771,195	771,195	-
Fund balance - ending	\$ 152,395	\$ 519,777	\$ 1,011,511	\$ 491,734

CITY OF SANTA ANA

**Nonmajor Special Revenue Funds
Air Quality Improvement
Budgetary Comparison Schedule
Year ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 440,000	\$ 440,000	\$ 436,428	\$ (3,572)
Investment income	15,600	15,600	21,835	6,235
Cost recoveries	2,000	2,000	28,265	26,265
Total revenues	457,600	457,600	486,528	28,928
Expenditures:				
Current:				
Human resources	175,780	175,780	14,052	161,728
Planning and building	386,970	386,970	72,250	314,720
Public works	-	-	69,017	69,017
Capital Outlay	1,032,600	1,032,600	17,083	1,015,517
Total expenditures	1,595,350	1,595,350	172,402	1,560,982
Excess (deficiency) of revenues over (under) expenditures	(1,137,750)	(1,137,750)	314,126	1,589,910
Net change in fund balance	(1,137,750)	(1,137,750)	314,126	1,589,910
Fund balance - beginning	1,086,119	1,086,119	1,086,119	-
Fund balance (deficit) - ending	\$ (51,631)	\$ (51,631)	\$ 1,400,245	\$ 1,589,910

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, 2020**

	Capital Grants	Drainage Construction
Assets		
Cash and investments	\$ 23,049	\$ 3,399,485
Receivables:		
Interest	51	10,312
Intergovernmental	4,572,918	-
Loans and notes	-	-
Restricted assets:		
Cash and investments	-	-
Total assets	<u>4,596,018</u>	<u>3,409,797</u>
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	430,200	-
Retention payable	29,978	2,249
Due to other funds	4,283,657	-
Total liabilities	<u>4,743,835</u>	<u>2,249</u>
Deferred inflows of resources:		
Unavailable revenues	4,557,635	3,477
Fund balances (deficit):		
Restricted	23,083	3,404,071
Unassigned	(4,728,535)	-
Total fund balances (deficit)	<u>(4,705,452)</u>	<u>3,404,071</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,596,018</u>	<u>\$ 3,409,797</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Community Development	Inclusionary Housing Fee	Total
\$ 15,119,716	\$ 3,203,241	\$ 7,201,918	\$ 28,947,409
45,840	7,904	21,874	85,981
10,440	-	-	4,583,358
-	-	6,145,000	6,145,000
-	2,615,836	-	2,615,836
<u>15,175,996</u>	<u>5,826,981</u>	<u>13,368,792</u>	<u>42,377,584</u>
113,161	-	284,139	827,500
98,934	-	-	131,161
-	-	-	4,283,657
<u>212,095</u>	<u>-</u>	<u>284,139</u>	<u>5,242,318</u>
<u>15,456</u>	<u>2,665</u>	<u>7,375</u>	<u>4,586,608</u>
14,948,445	5,824,316	13,077,278	37,277,193
-	-	-	(4,728,535)
<u>14,948,445</u>	<u>5,824,316</u>	<u>13,077,278</u>	<u>32,548,658</u>
<u>\$ 15,175,996</u>	<u>\$ 5,826,981</u>	<u>\$ 13,368,792</u>	<u>\$ 42,377,584</u>

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2020

	Capital Grants	Drainage Construction
Revenues:		
Taxes	\$ -	\$ 174,974
Intergovernmental	873,106	-
Investment income	314	63,893
Cost recoveries	-	-
Miscellaneous	-	-
Total revenues	<u>873,420</u>	<u>238,867</u>
Expenditures:		
Current:		
Recreation and community services	-	-
Community development	-	-
Capital outlay	<u>3,970,120</u>	<u>131,284</u>
Total expenditures	<u>3,970,120</u>	<u>131,284</u>
Net change in fund balances	<u>(3,096,700)</u>	<u>107,583</u>
Fund balances (deficit) - beginning	<u>(1,608,752)</u>	<u>3,296,488</u>
Fund balances (deficit) - ending	<u><u>\$ (4,705,452)</u></u>	<u><u>\$ 3,404,071</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Community Development	Inclusionary Housing Fee	Total
\$ -	\$ -	\$ -	174,974
-	-	-	873,106
289,535	48,645	111,747	514,134
1,180,686	-	-	1,180,686
-	-	67,557	67,557
1,470,221	48,645	179,304	2,810,457
137,166	-	-	137,166
-	-	1,832,902	1,832,902
1,699,430	427,814	-	6,228,648
-	-	-	-
1,836,596	427,814	1,832,902	8,198,716
(366,375)	(379,169)	(1,653,598)	(5,388,259)
15,314,820	6,203,485	14,730,876	37,936,917
\$ 14,948,445	\$ 5,824,316	\$ 13,077,278	\$ 32,548,658



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
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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, 2020**

	<u>Refuse Collections</u>
Assets:	
Current assets:	
Cash and investments	\$ 4,613,439
Receivables:	
Interest	14,433
Accounts, net of allowances	3,328,300
Total current assets	<u>7,956,172</u>
Noncurrent assets:	
Capital assets:	
Land	-
Buildings	-
Improvements other than buildings	-
Equipment	32,137
Parking structures	-
Construction in progress	-
Other assets	
Less accumulated depreciation	(11,784)
Total capital assets	<u>20,353</u>
Total noncurrent assets	<u>20,353</u>
Total assets	<u>7,976,525</u>
Deferred outflows of resources:	
Deferred amounts on pension plans	64,736
Deferred amounts on OPEB plan	22,333
Total deferred outflows of resources	<u>87,069</u>
Liabilities:	
Current liabilities:	
Accounts payable	119,966
Retention payable	-
Due to other funds	-
Compensated absences payable	27,820
Grant advances	78,837
Deposits payable	-
Unearned revenue	-
Total current liabilities	<u>226,623</u>
Noncurrent liabilities:	
Compensated absences payable	83,460
Net pension liability	615,468
Total OPEB liability	400,359
Total noncurrent liabilities	<u>1,099,287</u>
Total liabilities	<u>1,325,910</u>
Deferred inflows of resources:	
Deferred amounts on pension plans	7,915
Deferred amounts on OPEB plan	43,637
Total deferred inflow of resources	<u>51,552</u>
Net position:	
Net investment in capital assets	20,353
Restricted for:	
National Pollution Discharge Elimination System	-
Unrestricted	6,665,779
Total net position	<u>\$ 6,686,132</u>

NONMAJOR ENTERPRISE FUNDS

Transportation Center	Federal Clean Water Protection	Total
\$ -	\$ 5,821,025	\$ 10,434,464
-	17,326	31,759
-	77,275	3,405,575
-	5,915,626	13,871,798
3,792,491	-	3,792,491
8,607,909	-	8,607,909
3,649,549	547,015	4,196,564
-	27,753	59,890
4,817,296	-	4,817,296
-	5,229,820	5,229,820
(13,082,156)	(327,318)	(13,421,258)
7,785,089	5,477,270	13,282,712
7,785,089	5,477,270	13,282,712
7,785,089	11,392,896	27,154,510
-	277,697	342,433
2,122	23,906	48,361
2,122	301,603	390,794
79,885	415,014	614,865
11,217	15,915	27,132
1,812,545	-	1,812,545
-	27,291	55,111
-	-	78,837
11,000	-	11,000
-	327,578	327,578
1,914,647	785,798	2,927,068
-	81,872	165,332
-	2,640,362	3,255,830
38,049	428,574	866,982
38,049	3,150,808	4,288,144
1,952,696	3,936,606	7,215,212
-	33,957	41,872
4,147	46,713	94,497
4,147	80,670	136,369
7,773,872	5,461,355	13,255,580
-	2,215,868	2,215,868
(1,943,504)	-	4,722,275
\$ 5,830,368	\$ 7,677,223	\$ 20,193,723

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2020

	<u>Refuse Collections</u>
Operating revenues:	
Charges for services	\$ 21,590,462
Miscellaneous	-
	<hr/>
Total operating revenues	21,590,462
	<hr/>
Operating expenses:	
Personnel services	572,626
Contractual services	10,659,095
Materials and supplies	16,137
Administrative charges	9,223,901
Depreciation	3,214
	<hr/>
Total operating expenses	20,474,973
	<hr/>
Operating income (loss)	1,115,489
	<hr/>
Nonoperating revenues (expenses):	
Intergovernmental	210,667
Investment earnings	184,056
	<hr/>
Total nonoperating revenues (expenses)	394,723
	<hr/>
Income (loss) before transfers and capital contributions	1,510,212
	<hr/>
Capital contributions	-
Transfers in	-
Transfers out	(7,653,200)
	<hr/>
Change in net position	(6,142,988)
	<hr/>
Net position - beginning	12,829,120
	<hr/>
Net position - ending	\$ 6,686,132
	<hr/> <hr/>

NONMAJOR ENTERPRISE FUND

Transportation Center	Federal Clean Water Protection	Total
\$ 635,354	\$ 688,900	\$ 22,914,716
6,361	-	6,361
641,715	688,900	22,921,077
89,459	986,344	1,648,429
783,288	1,548,419	12,990,802
104,393	10,282	130,812
117,917	497,129	9,838,947
430,262	28,738	462,214
1,525,319	3,070,912	25,071,204
(883,604)	(2,382,012)	(2,150,127)
-	-	210,667
-	108,037	292,093
-	108,037	502,760
(883,604)	(2,273,975)	(1,647,367)
-	169,828	169,828
-	2,589,127	2,589,127
-	(200,000)	(7,853,200)
(883,604)	284,980	(6,741,612)
6,713,972	7,392,243	26,935,335
\$ 5,830,368	\$ 7,677,223	\$ 20,193,723

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2020

	<u>Refuse Collections</u>
Cash flows from operating activities:	
Receipts from customers	\$ 21,496,479
Receipts from other operating sources	-
Payments to suppliers for goods and services	(19,791,957)
Payments to employees	<u>(517,149)</u>
Net cash provided (used) by operating activities	<u>1,187,373</u>
Cash flows from noncapital financing activities:	
Intergovernment contribution	210,667
Transfer in	-
Transfer out	<u>(7,653,200)</u>
Net cash provided (used) by noncapital financing activities	<u>(7,442,533)</u>
Cash flows from capital and related financing activities:	
Capital contribution	-
Acquisition of capital assets	<u>-</u>
Net cash used by capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest received	<u>214,090</u>
Net cash provided by investing activities	<u>214,090</u>
Net increase (decrease) in cash and cash equivalents	(6,041,070)
Cash and cash equivalents - beginning	<u>10,654,509</u>
Cash and cash equivalents - ending	<u>\$ 4,613,439</u>

Transportation Center	Federal Clean Water Protection	Total
\$ 635,354	\$ 703,774	\$ 22,835,607
386,099	(169,827)	216,272
(932,733)	(1,768,656)	(22,493,346)
<u>(88,720)</u>	<u>(829,888)</u>	<u>(1,435,757)</u>
-	(2,064,597)	(877,224)
-	-	210,667
-	2,589,127	2,589,127
-	<u>(200,000)</u>	<u>(7,853,200)</u>
-	2,389,127	(5,053,406)
-	169,828	169,828
-	<u>(619,145)</u>	<u>(619,145)</u>
-	<u>(449,317)</u>	<u>(449,317)</u>
-	116,358	330,448
-	116,358	330,448
-	(8,429)	(6,049,499)
-	5,829,454	16,483,963
<u>\$ -</u>	<u>\$ 5,821,025</u>	<u>\$ 10,434,464</u>

Continued

**Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2020**

	<u>Refuse Collections</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 1,115,489
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	3,214
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	(93,983)
Decrease (increase) in deferred outflows from pension	8,999
Decrease (increase) in deferred outflows from OPEB	(991)
Increase (decrease) in accounts payable	110,390
Increase (decrease) in unearned revenue	-
Increase (decrease) in compensated absences payable	17,931
Increase (decrease) in retention payable	-
Increase (decrease) in net pension liability	18,303
Increase (decrease) in total OPEB liability	(20,360)
Increase (decrease) in deferred inflows from pension	(730)
Increase (decrease) in deferred inflows from OPEB	<u>29,111</u>
Net cash provided (used) by operating activities	<u>\$ 1,187,373</u>
Noncash investing, capital, and financing activities:	
Increase in fair value of investments	<u>\$ -</u>

Transportation Center	Federal Clean Water Protection	Total
\$ (883,604)	\$ (2,382,012)	\$ (2,150,127)
430,262	28,738	462,214
-	14,874	(79,109)
-	38,610	47,609
(93)	(1,059)	(2,143)
441,386	287,174	838,950
-	(169,827)	(169,827)
-	34,148	52,079
11,217	-	11,217
-	78,522	96,825
(1,935)	(21,795)	(44,090)
-	(3,133)	(3,863)
<u>2,767</u>	<u>31,163</u>	<u>63,041</u>
\$ <u><u>-</u></u>	\$ <u><u>(2,064,597)</u></u>	\$ <u><u>(877,224)</u></u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>



CITY OF SANTA ANA, CALIFORNIA
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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, 2020

	Central Services	Building Maintenance
Assets:		
Current assets:		
Cash and investments	\$ 96,286	\$ 2,381,793
Receivables:		
Interest	294	8,055
Due from other funds	-	-
Inventory of supplies	14,406	-
Total current assets	<u>110,986</u>	<u>2,389,848</u>
Noncurrent assets:		
Advances to other funds	-	-
Restricted cash and investments	-	-
Capital assets:		
Improvements other than buildings	-	602,886
Equipment	504,333	-
Computer software	-	-
Less accumulated depreciation	(492,888)	(602,886)
Total noncurrent assets	<u>11,445</u>	<u>-</u>
Total assets	<u>122,431</u>	<u>2,389,848</u>
Deferred outflows of resources:		
Deferred amounts on pension plans	69,225	488,098
Deferred amounts on OPEB plan	10,277	57,166
Total deferred outflows of resources	<u>79,502</u>	<u>545,264</u>
Liabilities:		
Current liabilities:		
Accounts payable	-	295,364
Due to other funds	-	-
Compensated absences payable	10,560	32,921
Claims payable	-	-
Total current liabilities	<u>10,560</u>	<u>328,285</u>
Noncurrent liabilities:		
Compensated absences payable	31,678	98,762
Claims payable	-	-
Net pension liability	658,226	4,640,935
Total OPEB liability	<u>184,235</u>	<u>1,024,807</u>
Total noncurrent liabilities	<u>874,139</u>	<u>5,764,504</u>
Total liabilities	<u>884,699</u>	<u>6,092,789</u>
Deferred inflows of resources:		
Deferred amounts on pension plans	8,466	59,669
Deferred amounts on OPEB plan	20,080	111,699
Total deferred inflows of resources	<u>28,546</u>	<u>171,368</u>
Net position:		
Net investment in capital assets	11,445	-
Unrestricted	(722,757)	(3,329,045)
Total net position (deficit)	<u>\$ (711,312)</u>	<u>\$ (3,329,045)</u>

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 7,062,759	\$ -	\$ 26,021,120	\$ 13,081,756	\$ 26,208	\$ 3,767,585
18,674	-	71,140	37,835	232	12,150
-	-	6,866,801	-	-	-
60,820	885,617	-	-	-	-
<u>7,142,253</u>	<u>885,617</u>	<u>32,959,061</u>	<u>13,119,591</u>	<u>26,440</u>	<u>3,779,735</u>
-	-	1,460,000	-	-	-
-	-	235,245	-	-	-
-	-	-	-	256,131	-
18,194,123	-	-	2,736,200	68,201	288,015
-	-	-	6,493,843	-	-
(14,991,379)	-	-	(7,878,464)	(175,454)	(273,328)
<u>3,202,744</u>	<u>-</u>	<u>1,695,245</u>	<u>1,351,579</u>	<u>148,878</u>	<u>14,687</u>
<u>10,344,997</u>	<u>885,617</u>	<u>34,654,306</u>	<u>14,471,170</u>	<u>175,318</u>	<u>3,794,422</u>
915,915	60,279	783,896	854,384	8,276	2,151,456
78,061	7,754	55,245	63,489	1,930	208,508
<u>993,976</u>	<u>68,033</u>	<u>839,141</u>	<u>917,873</u>	<u>10,206</u>	<u>2,359,964</u>
37,923	71,402	737,408	173,121	-	66,720
-	140,131	-	-	-	-
45,819	3,665	98,478	85,000	-	280,121
-	-	12,028,750	-	-	-
<u>83,742</u>	<u>215,198</u>	<u>12,864,636</u>	<u>258,121</u>	<u>-</u>	<u>346,841</u>
137,456	10,995	295,433	255,000	-	840,363
-	-	29,091,135	-	-	-
8,708,747	573,107	9,980,310	8,123,535	78,703	20,456,248
1,399,412	139,022	990,353	1,138,176	34,608	3,737,885
<u>10,245,615</u>	<u>723,124</u>	<u>40,357,231</u>	<u>9,516,711</u>	<u>113,311</u>	<u>25,034,496</u>
<u>10,329,357</u>	<u>938,322</u>	<u>53,221,867</u>	<u>9,774,832</u>	<u>113,311</u>	<u>25,381,337</u>
111,991	7,373	95,114	104,481	1,007	263,041
152,529	15,153	107,943	124,055	3,771	407,411
<u>264,520</u>	<u>22,526</u>	<u>203,057</u>	<u>228,536</u>	<u>4,778</u>	<u>670,452</u>
3,202,744	-	-	1,351,579	148,878	14,687
(2,457,648)	(7,198)	(17,931,477)	4,034,096	(81,443)	(19,912,090)
<u>\$ 745,096</u>	<u>\$ (7,198)</u>	<u>\$ (17,931,477)</u>	<u>\$ 5,385,675</u>	<u>\$ 67,435</u>	<u>\$ (19,897,403)</u>

Continued

Internal Service Funds
Combining Statement of Net Position
June 30, 2020

	Quality Service Training	Total
Assets:		
Current assets:		
Cash and investments	\$ 400,463	\$ 52,837,970
Receivables:		
Interest	-	148,380
Due from other funds	-	6,866,801
Inventory of supplies	-	960,843
Total current assets	<u>400,463</u>	<u>60,813,994</u>
Noncurrent assets:		
Advances to other funds	-	1,460,000
Restricted cash and investments	-	235,245
Capital assets:		
Improvements other than buildings	-	859,017
Equipment	-	21,790,872
Computer software	-	6,493,843
Less accumulated depreciation	-	(24,414,399)
Total noncurrent assets	<u>-</u>	<u>6,424,578</u>
Total assets	<u>400,463</u>	<u>67,238,572</u>
Deferred outflows of resources:		
Deferred amounts on pension plans	-	5,331,529
Deferred amounts on OPEB plan	-	482,430
Total deferred outflows of resources	<u>-</u>	<u>5,813,959</u>
Liabilities:		
Current liabilities:		
Accounts payable	-	1,381,938
Due to other funds	-	140,131
Compensated absences payable	-	556,564
Claims payable	-	12,028,750
Total current liabilities	<u>-</u>	<u>14,107,383</u>
Noncurrent liabilities:		
Compensated absences payable	-	1,669,687
Claims payable	-	29,091,135
Net pension liability	-	53,219,811
Total OPEB liability	-	8,648,498
Total noncurrent liabilities	<u>-</u>	<u>92,629,131</u>
Total liabilities	<u>-</u>	<u>106,736,514</u>
Deferred inflows of resources:		
Deferred amounts on pension plans	-	651,142
Deferred amounts on OPEB plan	-	942,641
Total deferred inflows of resources	<u>-</u>	<u>1,593,783</u>
Net position:		
Net investment in capital assets	-	4,729,333
Unrestricted	400,463	(40,007,099)
Total net position (deficit)	<u>\$ 400,463</u>	<u>\$ (35,277,766)</u>



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Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2020

	Central Services	Building Maintenance
Operating revenues:		
Charges for services	\$ 438,619	\$ 4,625,027
Miscellaneous	-	-
Total operating revenues	<u>438,619</u>	<u>4,625,027</u>
Operating expenses:		
Personnel services	255,127	2,168,678
Contractual services	32,667	2,469,591
Materials and supplies	197,650	101,435
Administrative charges	147,144	368,323
Insurance	-	-
Provision for self-insured losses	-	-
Depreciation	3,422	-
Total operating expenses	<u>636,010</u>	<u>5,108,027</u>
Operating income (loss)	<u>(197,391)</u>	<u>(483,000)</u>
Nonoperating revenues (expenses):		
Net increase in the fair value of investment	-	-
Investment earnings	2,853	33,085
Gain (loss) on disposal of capital assets	-	-
Total nonoperating revenues (expenses)	<u>2,853</u>	<u>33,085</u>
Income (loss) before transfers	(194,538)	(449,915)
Transfers out	-	-
Change in net position	<u>(194,538)</u>	<u>(449,915)</u>
Net position (deficit) - beginning	<u>(516,774)</u>	<u>(2,879,130)</u>
Net position (deficit) - ending	<u>\$ (711,312)</u>	<u>\$ (3,329,045)</u>

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
\$ 6,204,027	\$ 2,177,879	\$ 41,869,929	\$ 8,968,139	\$ 1,252,905	\$ 12,676,754
<u>175,598</u>	<u>52,907</u>	<u>1,402,784</u>	<u>-</u>	<u>-</u>	<u>2,009</u>
<u>6,379,625</u>	<u>2,230,786</u>	<u>43,272,713</u>	<u>8,968,139</u>	<u>1,252,905</u>	<u>12,678,763</u>
2,722,258	236,257	-	2,907,782	66,970	8,916,788
462,596	10,504	-	3,535,952	282,309	1,127,868
654,170	1,608,202	-	491,979	7,454	111,465
872,472	285,697	7,137,904	615,050	851,755	4,233,040
-	-	27,324,933	-	-	-
-	-	9,921,091	-	-	-
<u>890,224</u>	<u>-</u>	<u>-</u>	<u>659,571</u>	<u>6,403</u>	<u>3,264</u>
<u>5,601,720</u>	<u>2,140,660</u>	<u>44,383,928</u>	<u>8,210,334</u>	<u>1,214,891</u>	<u>14,392,425</u>
<u>777,905</u>	<u>90,126</u>	<u>(1,111,215)</u>	<u>757,805</u>	<u>38,014</u>	<u>(1,713,662)</u>
-	-	268,886	293,763	-	-
116,519	88	324,313	191,432	433	53,624
<u>(16,378)</u>	<u>-</u>	<u>(91,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>100,141</u>	<u>88</u>	<u>501,809</u>	<u>485,195</u>	<u>433</u>	<u>53,624</u>
878,046	90,214	(609,406)	1,243,000	38,447	(1,660,038)
<u>(3,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(215,015)</u>
<u>874,441</u>	<u>90,214</u>	<u>(609,406)</u>	<u>1,243,000</u>	<u>38,447</u>	<u>(1,875,053)</u>
<u>(129,345)</u>	<u>(97,412)</u>	<u>(17,322,071)</u>	<u>4,142,675</u>	<u>28,988</u>	<u>(18,022,350)</u>
<u>\$ 745,096</u>	<u>\$ (7,198)</u>	<u>\$ (17,931,477)</u>	<u>\$ 5,385,675</u>	<u>\$ 67,435</u>	<u>\$ (19,897,403)</u>

Continued

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2020

	Quality Service Training	Total
Operating revenues:		
Charges for services	\$ -	\$ 78,213,279
Miscellaneous	-	1,633,298
Total operating revenues	-	79,846,577
Operating expenses:		
Personnel services	-	17,273,860
Contractual services	23,689	7,945,176
Materials and supplies	-	3,172,355
Administrative charges	-	14,511,385
Insurance	-	27,324,933
Provision for self-insured losses	-	9,921,091
Depreciation	-	1,562,884
Total operating expenses	23,689	81,711,684
Operating income (loss)	(23,689)	(1,865,107)
Nonoperating revenues (expenses):		
Net increase in the fair value of investment	-	562,649
Investment earnings	-	722,347
Gain (loss) on disposal of capital assets	-	(107,768)
Total nonoperating revenues (expenses)	-	1,177,228
Income (loss) before transfers	(23,689)	(687,879)
Transfers out	-	(218,620)
Change in net position	(23,689)	(906,499)
Net position (deficit) - beginning	424,152	(34,371,267)
Net position (deficit) - ending	\$ 400,463	\$ (35,277,766)



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2020

	Central Services	Building Maintenance
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 438,619	\$ 4,625,027
Receipts from other operating sources	-	3,904
Payments to suppliers for goods and services	(227,499)	(2,504,689)
Payments for interfund services used	(147,144)	(368,323)
Payments to employees	(220,946)	(1,926,056)
Net cash provided (used) by operating activities	<u>(156,970)</u>	<u>(170,137)</u>
Cash flows from noncapital financing activities:		
Transfers out	-	-
Repayment of advances from other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	-
Capital assets donated to other funds	-	-
Proceeds from sale of capital assets	-	-
Net cash provided (used) for capital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	3,657	33,085
Increase in the fair value of investment	-	-
Net cash provided by investing activities	<u>3,657</u>	<u>33,085</u>
Net increase (decrease) in cash and cash equivalents	(153,313)	(137,052)
Cash and cash equivalents - beginning	249,599	2,518,845
Cash and cash equivalents - ending	<u>\$ 96,286</u>	<u>\$ 2,381,793</u>
(Includes restricted cash and investments)		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (197,391)	\$ (483,000)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	3,422	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	3,904
Decrease (increase) in inventory of supplies	2,818	-
Decrease (increase) in deferred outflows from pension	9,625	67,880
Decrease (increase) in deferred outflows from OPEB	(456)	(2,535)
Increase (decrease) in accounts payable	-	66,337
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences payable	2,190	22,384
Increase (decrease) in claims payable	-	-
Increase (decrease) in net pension liability	19,575	138,016
Increase (decrease) in total OPEB liability	(9,369)	(52,116)
Increase (decrease) in deferred inflows from pension	(780)	(5,524)
Increase (decrease) in deferred inflows from OPEB	13,396	74,517
Net cash provided (used) by operating activities	<u>\$ (156,970)</u>	<u>\$ (170,137)</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	<u>\$ -</u>	<u>\$ -</u>

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 6,204,027	\$ 2,177,879	\$ 41,869,929	\$ 8,968,139	\$ 1,252,905	\$ 12,716,885
175,598	52,907	1,402,784	-	-	2,009
(1,078,916)	(1,735,598)	(38,016,102)	(4,175,518)	(311,236)	(5,570,483)
(872,472)	(285,697)	-	(615,050)	(851,755)	-
(2,362,583)	(209,579)	(6,482,948)	(2,462,166)	(63,972)	(7,753,059)
<u>2,065,654</u>	<u>(88)</u>	<u>(1,226,337)</u>	<u>1,715,405</u>	<u>25,942</u>	<u>(604,648)</u>
(3,605)	-	-	-	-	(215,015)
-	-	292,000	-	-	-
<u>(3,605)</u>	<u>-</u>	<u>292,000</u>	<u>-</u>	<u>-</u>	<u>(215,015)</u>
(127,209)	-	-	-	-	-
-	-	(91,390)	-	-	-
14,693	-	-	-	-	-
<u>(112,516)</u>	<u>-</u>	<u>(91,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>
120,554	88	349,909	202,169	201	62,690
-	-	268,886	293,763	-	-
<u>120,554</u>	<u>88</u>	<u>618,795</u>	<u>495,932</u>	<u>201</u>	<u>62,690</u>
2,070,087	-	(406,932)	2,211,337	26,143	(756,973)
4,992,672	-	26,663,297	10,870,419	65	4,524,558
<u>\$ 7,062,759</u>	<u>\$ -</u>	<u>\$ 26,256,365</u>	<u>\$ 13,081,756</u>	<u>\$ 26,208</u>	<u>\$ 3,767,585</u>
\$ 777,905	\$ 90,126	\$ (1,111,215)	\$ 757,805	\$ 38,014	\$ (1,713,662)
890,224	-	-	659,571	6,403	3,264
-	-	(2,152,869)	-	-	40,131
21,849	(39,733)	-	-	-	-
127,356	8,377	108,132	118,783	1,157	299,168
101,755	(343)	(2,449)	(2,814)	(85)	(9,245)
16,001	18,256	689,928	(147,587)	(12,071)	(98,110)
-	-	-	-	(10,474)	-
(43,458)	(759)	53,911	72,815	-	208,069
-	(95,415)	692,863	-	-	-
258,990	17,043	482,506	241,586	2,341	608,347
(71,166)	(7,070)	(50,363)	(57,881)	(1,760)	(190,086)
(10,343)	(679)	(8,793)	(9,633)	(99)	(24,316)
(3,459)	10,109	72,012	82,760	2,516	271,792
<u>\$ 2,065,654</u>	<u>\$ (88)</u>	<u>\$ (1,226,337)</u>	<u>\$ 1,715,405</u>	<u>\$ 25,942</u>	<u>\$ (604,648)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,886</u>	<u>\$ 293,763</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2020

	Quality Service Training	Total
Cash flows from operating activities:		
Receipts from interfund services provided	\$ -	\$ 78,253,410
Receipts from other operating sources	-	1,637,202
Payments to suppliers for goods and services	(23,689)	(53,643,730)
Payments for interfund services used	-	(3,140,441)
Payments to employees	-	(21,481,309)
Net cash provided (used) by operating activities	<u>(23,689)</u>	<u>1,625,132</u>
Cash flows from noncapital financing activities:		
Transfers out	-	(218,620)
Repayment of advances from other funds	-	292,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>73,380</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(127,209)
Capital assets donated to other funds	-	(91,390)
Proceeds from sale of capital assets	-	14,693
Net cash provided (used) for capital and related financing activities	<u>-</u>	<u>(203,906)</u>
Cash flows from investing activities:		
Interest received	-	772,353
Increase in the fair value of investment	-	562,649
Net cash provided by investing activities	<u>-</u>	<u>1,335,002</u>
Net increase (decrease) in cash and cash equivalents	(23,689)	2,829,608
Cash and cash equivalents - beginning	424,152	50,243,607
Cash and cash equivalents - ending	<u>\$ 400,463</u>	<u>\$ 53,073,215</u>
(Includes restricted cash and investments)		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (23,689)	\$ (1,865,107)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	-	1,562,884
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	(2,108,834)
Decrease (increase) in inventory of supplies	-	(15,066)
Decrease (increase) in deferred outflows from pension	-	740,478
Decrease (increase) in deferred outflows from OPEB	-	83,828
Increase (decrease) in accounts payable	-	532,754
Increase (decrease) in due to other funds	-	(10,474)
Increase (decrease) in compensated absences payable	-	315,152
Increase (decrease) in claims payable	-	597,448
Increase (decrease) in net pension liability	-	1,768,404
Increase (decrease) in total OPEB liability	-	(439,811)
Increase (decrease) in deferred inflows from pension	-	(60,167)
Increase (decrease) in deferred inflows from OPEB	-	523,643
Net cash provided (used) by operating activities	<u>\$ (23,689)</u>	<u>\$ 1,625,132</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	<u>\$ -</u>	<u>\$ 562,649</u>

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.

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.

Warner Industrial Community Assessment District – For amounts collected and remitted under the terms of the assessment district.

**Agency Funds
Combining Statement of Assets and Liabilities
June 30, 2020**

	<u>Payroll</u>	<u>Treasurer's Trust</u>	<u>Retirees Health Insurance Subsidy</u>
Assets			
Cash and investments	\$ 8,016,237	\$ 3,634,242	\$ 37,208
Restricted assets:			
Cash & investments with fiscal agents	-	-	-
Receivables:			
Interest	-	195	-
Taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 8,016,237</u>	<u>\$ 3,634,437</u>	<u>\$ 37,208</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Deposits payable	-	21,667	-
Due to bondholders	-	-	-
Due to City employees	6,299,367	-	37,208
Due to governmental agencies	<u>1,716,870</u>	<u>3,612,770</u>	<u>-</u>
	<u>\$ 8,016,237</u>	<u>\$ 3,634,437</u>	<u>\$ 37,208</u>

AGENCY FUNDS

Transportation Corridor	TSIA Santa Ana- Tustin	Warner Industrial Community Assessment District	Total
\$ 593,067	\$ 11,549,268	\$ 220,112	\$ 24,050,134
-	-	105,881	105,881
-	34,893	-	35,088
-	-	1,988	1,988
<u>\$ 593,067</u>	<u>\$ 11,584,161</u>	<u>\$ 327,981</u>	<u>\$ 24,193,091</u>
\$ 586,251	-	-	\$ 586,251
-	-	-	21,667
-	-	327,981	327,981
-	-	-	6,336,575
<u>6,816</u>	<u>11,584,161</u>	<u>-</u>	<u>16,920,617</u>
<u>\$ 593,067</u>	<u>\$ 11,584,161</u>	<u>\$ 327,981</u>	<u>\$ 24,193,091</u>

**Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year ended June 30, 2020**

	Balance June 30,2019	Additions	Deductions	Balance June 30,2020
PAYROLL FUND				
Assets				
Cash and investments	\$ 6,528,034	\$ 163,294,313	\$ 161,806,110	\$ 8,016,237
Total assets	<u>\$ 6,528,034</u>	<u>\$ 163,294,313</u>	<u>\$ 161,806,110</u>	<u>\$ 8,016,237</u>
Liabilities				
Due to City employees	\$ 5,351,640	\$ 123,237,623	\$ 122,289,896	\$ 6,299,367
Due to governmental agencies	1,176,394	40,056,690	39,516,214	1,716,870
Total liabilities	<u>\$ 6,528,034</u>	<u>\$ 163,294,313</u>	<u>\$ 161,806,110</u>	<u>\$ 8,016,237</u>
TREASURER'S TRUST FUND				
Assets				
Cash and investments	\$ 1,316,336	\$ 19,610,201	\$ 17,292,295	\$ 3,634,242
Interest receivable	357	195	357	195
Total assets	<u>\$ 1,316,693</u>	<u>\$ 19,610,396</u>	<u>\$ 17,292,652</u>	<u>\$ 3,634,437</u>
Liabilities				
Accounts payable	\$ -	\$ 25,000	\$ 25,000	\$ -
Deposits payable	27,426	1,697,729	1,703,488	21,667
Due to governmental agencies	1,289,267	17,887,667	15,564,164	3,612,770
Total liabilities	<u>\$ 1,316,693</u>	<u>\$ 19,610,396</u>	<u>\$ 17,292,652</u>	<u>\$ 3,634,437</u>
RETIREEES HEALTH INSURANCE SUBSIDY				
Assets				
Cash and investments	\$ 29,615	\$ 1,270,820	\$ 1,263,227	\$ 37,208
Total assets	<u>\$ 29,615</u>	<u>\$ 1,270,820</u>	<u>\$ 1,263,227</u>	<u>\$ 37,208</u>
Liabilities				
Due to City employees	\$ 29,615	\$ 1,270,820	\$ 1,263,227	\$ 37,208
Total liabilities	<u>\$ 29,615</u>	<u>\$ 1,270,820</u>	<u>\$ 1,263,227</u>	<u>\$ 37,208</u>

	<u>Balance</u> <u>June 30,2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,2020</u>
TRANSPORTATION CORRIDOR FUND				
Assets				
Cash and investments	\$ 7,687	\$ 593,067	\$ 7,687	\$ 593,067
Total assets	<u>\$ 7,687</u>	<u>\$ 593,067</u>	<u>\$ 7,687</u>	<u>\$ 593,067</u>
Liabilities				
Accounts payable	\$ -	\$ 586,251	\$ -	\$ 586,251
Due to governmental agencies	7,687	6,816	7,687	6,816
Total liabilities	<u>\$ 7,687</u>	<u>\$ 593,067</u>	<u>\$ 7,687</u>	<u>\$ 593,067</u>
TRANSPORTATION SYSTEM IMPROVEMENT AUTHORITY				
Cash and investments	\$ 10,410,181	\$ 1,143,049	\$ 3,962	\$ 11,549,268
Interest receivable	46,399	34,893	46,399	34,893
Total assets	<u>\$ 10,456,580</u>	<u>\$ 1,177,942</u>	<u>\$ 50,361</u>	<u>\$ 11,584,161</u>
Liabilities				
Accounts payable	\$ -	\$ 459	\$ 459	\$ -
Due to governmental agencies	10,456,580	1,177,483	49,902	11,584,161
Total liabilities	<u>\$ 10,456,580</u>	<u>\$ 1,177,942</u>	<u>\$ 50,361</u>	<u>\$ 11,584,161</u>

(Continued)

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year ended June 30, 2020

	Balance June 30,2019	Additions	Deductions	Balance June 30,2020
WARNER INDUSTRIAL COMMUNITY ASSESSMENT DISTRICT				
Assets				
Cash and investments	\$ 188,243	\$ 147,194	\$ 115,325	\$ 220,112
Restricted assets:				
Cash & investments with fiscal agents	106,061	115,814	115,994	105,881
Taxes	13,985	1,988	13,985	1,988
Total assets	<u>\$ 308,289</u>	<u>\$ 264,996</u>	<u>\$ 245,304</u>	<u>\$ 327,981</u>
Liabilities				
Due to bondholders	<u>\$ 308,289</u>	<u>\$ 264,996</u>	<u>\$ 245,304</u>	<u>\$ 327,981</u>
Total liabilities	<u>\$ 308,289</u>	<u>\$ 264,996</u>	<u>\$ 245,304</u>	<u>\$ 327,981</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 18,480,096	\$ 186,058,644	\$ 180,488,606	\$ 24,050,134
Restricted assets:				
Cash & investments with fiscal agents	106,061	115,814	115,994	105,881
Receivables:				
Taxes	13,985	1,988	13,985	1,988
Interest	46,756	35,088	46,756	35,088
Total assets	<u>\$ 18,646,898</u>	<u>\$ 186,211,534</u>	<u>\$ 180,665,341</u>	<u>\$ 24,193,091</u>
Liabilities				
Accounts payable	\$ -	\$ 611,710	\$ 25,459	\$ 586,251
Deposits payable	27,426	1,697,729	1,703,488	21,667
Due to bondholders	308,289	264,996	245,304	327,981
Due to City employees	5,381,255	124,508,443	123,553,123	6,336,575
Due to governmental agencies	12,929,928	59,128,656	55,137,967	16,920,617
Total liabilities	<u>\$ 18,646,898</u>	<u>\$ 186,211,534</u>	<u>\$ 180,665,341</u>	<u>\$ 24,193,091</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			
	2020	2019	2018	2017***
Governmental Activities:				
Net investment in capital assets	\$ 881,919	\$ 877,188	\$ 867,360	\$ 842,333
Restricted	189,944	189,135	175,986	176,377
Unrestricted	(535,086)	(533,495)	(501,404)	(387,032)
Total governmental activities net position	\$ <u>536,777</u>	\$ <u>532,828</u>	\$ <u>541,942</u>	\$ <u>631,678</u>
Business-type activities:				
Net investment in capital assets	\$ 116,854	\$ 113,665	\$ 109,752	\$ 101,972
Restricted	2,216	2,507	2,332	2,908
Unrestricted	57,883	62,336	33,072	41,547
Total business-type activities net position	\$ <u>176,953</u>	\$ <u>178,508</u>	\$ <u>145,156</u>	\$ <u>146,427</u>
Primary government:				
Net investment in capital assets	\$ 998,773	\$ 990,853	\$ 977,112	\$ 944,305
Restricted	192,160	191,642	178,318	179,285
Unrestricted	(477,203)	(471,159)	(468,332)	(345,485)
Total primary government net position	\$ <u>713,730</u>	\$ <u>711,336</u>	\$ <u>687,098</u>	\$ <u>778,105</u>

* The 2013 net position was restated to implement GASB 65.

**The 2014 net position was restated to implement GASB 68 and 71.

***The 2017 net pension was restated to implement GASB 75.

Source: City of Santa Ana 2011 - 2020 CAFRs

SCHEDULE 1

Fiscal Year					
2016	2015	2014**	2013*	2012	2011
\$ 823,975	\$ 807,136	\$ 797,222	\$ 800,141	\$ 787,634	\$ 767,746
156,204	238,034	227,514	204,518	236,683	146,268
(362,557)	(378,741)	71,741	54,989	23,756	26,574
<u>\$ 617,622</u>	<u>\$ 666,429</u>	<u>\$ 1,096,477</u>	<u>\$ 1,059,648</u>	<u>\$ 1,048,073</u>	<u>\$ 940,588</u>
\$ 96,563	\$ 94,756	\$ 92,652	\$ 90,055	\$ 89,780	\$ 87,551
2,859	2,867	4,033	3,315	2,322	1,186
38,804	33,018	53,819	44,636	35,758	35,705
<u>\$ 138,226</u>	<u>\$ 130,641</u>	<u>\$ 150,504</u>	<u>\$ 138,006</u>	<u>\$ 127,860</u>	<u>\$ 124,442</u>
\$ 920,538	\$ 901,892	\$ 889,874	\$ 890,196	\$ 877,414	\$ 855,297
159,063	240,901	231,547	207,833	239,005	147,454
(323,753)	(345,723)	125,560	99,625	59,514	62,279
<u>\$ 755,848</u>	<u>\$ 797,070</u>	<u>\$ 1,246,981</u>	<u>\$ 1,197,654</u>	<u>\$ 1,175,933</u>	<u>\$ 1,065,030</u>

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year					Page 1 of 6
	2020	2019	2018	2017	2016	
Expenses:						
Governmental activities:						
General government (1)	\$ 62,108	\$ 24,444	\$ 23,916	\$ 22,965	\$ 16,266	
Cultural recreation and community services (2)	33,409	33,961	36,666	30,689	26,252	
Public safety (3) (5)	223,748	238,760	232,167	185,803	156,989	
Developmental services (4)	48,657	45,089	43,308	44,831	29,369	
Community development	59,293	55,312	55,119	47,427	43,778	
Pass-through payments to districts and other agencies	-	-	-	-	-	
County administrative charges	-	-	-	-	-	
Interest on long-term debt	5,517	6,334	6,627	6,944	7,208	
Total governmental activities expenses	\$ <u>432,732</u>	\$ <u>403,900</u>	\$ <u>397,803</u>	\$ <u>338,659</u>	\$ <u>279,862</u>	
Business-type activities:						
Water	\$ 51,763	\$ 48,886	\$ 49,800	\$ 45,040	\$ 41,947	
Parking	5,537	6,503	5,636	5,276	4,296	
Sewer	7,120	6,347	5,588	4,916	4,685	
Sanitation	4,651	6,596	7,082	6,695	6,675	
Refuse collections	20,475	18,004	18,028	16,853	16,463	
Transportation center	1,525	1,417	1,474	1,197	1,245	
Federal clean water protection	3,071	2,766	2,816	2,373	2,878	
Total business-type expenses	<u>94,142</u>	<u>90,519</u>	<u>90,424</u>	<u>82,350</u>	<u>78,189</u>	
Total primary government expenses	\$ <u><u>526,874</u></u>	\$ <u><u>494,419</u></u>	\$ <u><u>488,227</u></u>	\$ <u><u>421,009</u></u>	\$ <u><u>358,051</u></u>	

* 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 2011 - 2020 CAFRs

SCHEDULE 2

					Page 2 of 6
Fiscal Year					
2015	2014	2013	2012	2011	
\$ 15,702	\$ 16,244	\$ 14,628	\$ 11,364	\$ 12,333	
27,408	30,613	26,994	23,902	24,084	
166,410	160,153	155,444	139,514	174,524	
30,548	28,567	30,526	26,148	31,073	
44,604	55,537	55,016	77,219	58,735	
-	-	915	3,393	12,760	
-	-	-	1,547	525	
7,576	8,080	7,027	8,669	14,664	
<u>\$ 292,248</u>	<u>\$ 299,194</u>	<u>\$ 290,550</u>	<u>\$ 291,756</u>	<u>\$ 328,698</u>	
\$ 45,217	\$ 44,912	\$ 44,528	\$ 49,271	\$ 45,674	
2,852	2,795	2,756	2,963	2,631	
4,627	4,761	4,351	4,268	3,462	
7,256	7,616	7,913	8,417	8,403	
15,946	15,948	16,122	16,024	15,339	
1,187	1,267	1,317	1,280	1,313	
2,033	2,125	1,780	1,637	2,359	
<u>79,118</u>	<u>79,424</u>	<u>78,766</u>	<u>83,860</u>	<u>79,181</u>	
<u>\$ 371,366</u>	<u>\$ 378,618</u>	<u>\$ 369,317</u>	<u>\$ 375,616</u>	<u>\$ 407,879</u>	

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year					Page 3 of 6
	2020	2019	2018	2017	2016	
Program revenues:						
Governmental activities:						
Charges for services:						
General government (1)	\$ 6,932	\$ 10,715	\$ 7,575	\$ 5,379	\$ 4,584	
Cultural recreation and community services (2)	3,456	8,977	3,100	3,100	3,245	
Public safety (3) (5)	29,554	30,113	22,607	22,596	23,370	
Developmental services (4)	22,176	23,290	17,672	18,595	17,410	
Community development	1,149	1,110	854	1,168	1,721	
Operating grants and contributions	83,373	74,230	66,388	62,814	65,518	
Capital grants and contributions	19,595	32,156	44,259	58,350	19,882	
Total governmental activities program revenues	\$ 166,235	\$ 180,591	\$ 162,455	\$ 172,002	\$ 135,730	
Business-type activities:						
Charges for services:						
Water	\$ 57,062	\$ 56,227	\$ 55,560	\$ 51,657	\$ 48,289	
Parking	3,476	4,067	4,172	4,410	4,472	
Sewer	6,947	6,702	6,381	5,620	5,125	
Sanitation	5,784	6,978	7,020	7,384	7,973	
Refuse collections	21,590	21,634	19,480	18,985	18,230	
Transportation center	642	398	524	602	593	
Federal clean water protection	689	864	657	1,725	365	
Operating grants and contributions	210	194	419	-	-	
Capital grants and contributions	170	23,828	981	-	-	
Total business-type activities program revenues	96,570	120,892	95,194	90,383	85,047	
Total primary government program revenues	\$ 262,805	\$ 301,483	\$ 257,649	\$ 262,385	\$ 220,777	
Net (expense) revenue						
Governmental activities	(266,497)	(223,309)	(235,348)	(166,657)	(144,132)	
Business-type activities	2,428	30,373	4,770	8,033	6,858	
Total primary government net (expense) revenue	\$ (264,069)	\$ (192,936)	\$ (230,578)	\$ (158,624)	\$ (137,274)	

SCHEDULE 2

Fiscal Year					Page 4 of 6
2015	2014	2013	2012	2011	
\$ 5,267	\$ 4,307	\$ 4,322	\$ 5,687	\$ 5,912	
3,411	4,302	3,311	3,088	2,595	
22,962	25,498	25,652	27,554	29,171	
16,651	16,239	16,752	18,633	17,186	
3,268	5,433	1,447	28,003	4,688	
64,711	77,494	64,700	75,051	87,080	
25,624	36,252	29,214	37,001	32,910	
\$ 141,894	\$ 169,525	\$ 145,398	\$ 195,017	\$ 179,542	
\$ 45,812	\$ 52,856	\$ 51,339	\$ 49,482	\$ 47,783	
5,306	4,771	4,744	4,445	3,733	
4,756	5,017	4,939	4,783	4,679	
8,045	7,934	7,931	7,967	8,002	
17,270	17,062	16,650	16,261	16,218	
757	754	869	789	970	
2,862	2,868	2,740	2,733	2,552	
77	92	22	666	295	
-	-	-	-	-	
84,885	91,354	89,234	87,126	84,232	
\$ 226,779	\$ 260,879	\$ 234,632	\$ 282,143	\$ 263,774	
(150,354)	(129,669)	(145,152)	(96,739)	(149,156)	
5,767	11,930	10,468	3,266	5,051	
\$ (144,587)	\$ (117,739)	\$ (134,685)	\$ (93,473)	\$ (144,105)	

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				Page 5 of 6
	2020	2019	2018	2017	2016
General revenues and other changes in net position					
Governmental activities:					
Net program revenue (expense):					
General government (1)	\$ (54,506)	\$ (13,387)	\$ (15,498)	\$ (16,528)	\$ (11,141)
Cultural recreation and community services (2)	(23,896)	(18,762)	(23,304)	(20,912)	(15,765)
Public safety (3) (5)	(185,946)	(202,293)	(203,383)	(155,869)	(125,726)
Developmental services (4)	6,240	15,983	18,655	31,293	8,255
Community development	(2,872)	1,484	(5,191)	2,303	7,453
Pass-through payments to districts and other agencies	-	-	-	-	-
County administrative charge	-	-	-	-	-
Interest on long-term debt	(5,517)	(6,334)	(6,627)	(6,944)	(7,208)
General revenues:					
Property taxes	85,935	81,619	76,616	72,572	67,902
Sales Taxes	-	-	-	-	-
Hotels visitors' taxes	7,740	9,415	9,246	9,768	8,882
Utility users taxes	21,710	22,656	23,943	24,413	25,102
Business taxes	25,435	18,815	14,903	13,774	12,384
Franchise taxes	9,171	8,278	8,339	7,866	8,449
Other taxes	1,199	1,219	1,263	1,371	1,520
Intergovernmental, unrestricted	109,455	67,955	48,572	50,609	50,747
Investment income	3,177	4,212	344	302	2,452
Other revenues	-	-	-	11	871
Transfers	6,625	25	-	27	168
Extraordinary gain	-	-	-	-	-
Total Governmental activities	<u>3,950</u>	<u>(9,115)</u>	<u>(52,122)</u>	<u>14,056</u>	<u>34,345</u>
Business-type activities:					
Water	5,299	7,341	5,760	6,617	6,342
Parking	(2,061)	(2,436)	(1,465)	(866)	176
Sewer	(173)	23,584	794	704	440
Sanitation	1,133	382	(62)	689	1,298
Refuse collections	1,326	3,824	1,871	2,132	1,767
Transportation center	(884)	(1,019)	(950)	(595)	(653)
Federal clean water protection	(2,212)	(1,302)	(1,178)	(647)	(2,512)
General revenues:					
Investment income	2,642	3,003	102	194	895
Transfers	(6,625)	(25)	-	(27)	(167)
Total business-type activities	<u>(1,555)</u>	<u>33,352</u>	<u>4,872</u>	<u>8,201</u>	<u>7,586</u>
Total primary government	<u>2,395</u>	<u>24,237</u>	<u>(47,250)</u>	<u>22,257</u>	<u>41,931</u>
Changes in net position					
Governmental activities	3,950	(9,115)	(52,122)	14,056	34,345
Business-type activities	(1,555)	33,352	4,872	8,201	7,586
Total primary government	\$ <u>2,395</u>	\$ <u>24,237</u>	\$ <u>(47,250)</u>	\$ <u>22,257</u>	\$ <u>41,931</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
2015	2014	2013	2012	2011		
\$ (9,710)	\$ (11,480)	\$ (8,544)	\$ (5,677)	\$ (6,421)		
(19,106)	(17,080)	(19,364)	(17,943)	(15,937)		
(134,780)	(122,434)	(116,788)	(93,460)	(129,423)		
18,944	30,426	14,699	31,379	27,685		
1,874	(1,021)	(7,213)	2,572	2,889		
-	-	(915)	(3,393)	(12,760)		
-	-	-	(1,547)	(525)		
(7,576)	(8,080)	(7,027)	(8,669)	(14,664)		
72,750	66,098	62,347	87,189	103,610		
- **	44,367	40,978	38,744	37,409		
8,983	8,519	7,490	7,024	5,970		
24,919	25,035	24,415	24,367	25,328		
11,343	11,201	10,671	10,317	10,380		
8,316	7,984	9,001	7,460	7,562		
997	1,169	962	1,401	1,176		
48,170	521	833	466	1,934		
1,265	1,598	(1,292)	951	869		
576	6	617	863	665		
56	-	-	-	-		
-	-	705	25,440	-		
<u>27,021</u>	<u>36,829</u>	<u>11,575</u>	<u>107,485</u>	<u>45,747</u>		
596	7,944	6,811	601	2,195		
2,453	1,976	1,988	1,483	1,102		
128	256	588	514	1,217		
789	318	18	(450)	(401)		
1,401	1,206	551	513	1,089		
(430)	(513)	(448)	(491)	(344)		
829	743	960	1,096	193		
361	568	(322)	152	146		
(56)	-	-	-	-		
<u>6,071</u>	<u>12,498</u>	<u>10,146</u>	<u>3,418</u>	<u>5,197</u>		
<u>33,092</u>	<u>49,327</u>	<u>21,721</u>	<u>110,903</u>	<u>50,944</u>		
27,021	36,829	11,575	107,485	45,747		
6,071	12,498	10,146	3,418	5,197		
\$ <u>33,092</u>	\$ <u>49,327</u>	\$ <u>21,721</u>	\$ <u>110,903</u>	\$ <u>50,944</u>		

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year		
	2020	2019	2018
General Fund			
Reserved	\$ -	\$ -	\$ -
Nonspendable	-	-	-
Restricted	1,997	2,081	7,620
Committed	-	-	-
Assigned	21,457	10,695	5,378
Unreserved	-	-	-
Unassigned	73,970	62,636	56,363
Total General Fund	\$ 97,424	\$ 75,412	\$ 69,361
All Other Governmental Funds			
Reserved	\$ -	\$ -	\$ -
Nonspendable	13	20	-
Restricted	156,330	159,656	149,247
Subsequent year's budget: appropriation of fund balance	-	-	-
Unassigned:			
Special Revenue	(3,731)	(2,652)	(789)
Capital Projects	(4,728)	(1,631)	(3,703)
Debt Services	-	-	-
Total all other governmental funds	\$ 147,884	\$ 155,393	\$ 144,755

Source: City of Santa Ana 2011 - 2020 CAFRs

*The City of Santa Ana implmented GASB54 for the fiscal year ended June 30, 2010.

SCHEDULE 3

		Fiscal Year							
		2017	2016	2015	2014	2013	2012	2011	
\$	-	\$	-	\$	-	\$	-	\$	-
	9		-		3,434		3,357		3,267
	2,160		1,455		955		-		-
	-		-		-		-		1,314
	9,928		27,077		21,562		5,404		5,424
	-		-		-		-		4,661
	62,456		48,395		45,891		45,298		30,688
\$	<u>74,553</u>	\$	<u>76,927</u>	\$	<u>71,842</u>	\$	<u>54,059</u>	\$	<u>39,379</u>
									<u>23,996</u>
									<u>10,974</u>
\$	-	\$	-	\$	-	\$	-	\$	-
	23		16		25,263		18,993		3,660.82
	157,467		152,641		95,697		97,784		93,552.80
	-		-		-		-		-
	(3,287)		(921)		(1,618)		(806)		(630.00)
	(2,034)		(888)		(686)		(1,721)		(936.00)
	-		-		-		-		-
\$	<u>152,169</u>	\$	<u>150,848</u>	\$	<u>118,656</u>	\$	<u>114,250</u>	\$	<u>95,648</u>
									<u>111,642</u>
									<u>197,043</u>

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year			
	2020	2019	2018	2017
Revenues:				
Taxes	\$ 151,598	\$ 142,812	\$ 134,812	\$ 131,308
License and permits	5,233	9,965	7,994	5,804
Intergovernmental	198,341	150,716	145,520	145,682
Charges for services	19,774	20,169	15,399	16,016
Fines and forfeits	5,917	5,651	5,713	5,096
Investment income	5,898	5,018	1,601	517
Gain on sale of land held for resale	16,861	26,317	14,353	-
Miscellaneous	17,272	17,269	11,880	30,278
Special assessments	1,798	3,208	5,627	947
Contributions from property owner- special assessments	-	-	-	1,252
Payment of bond proceeds from successor agency	-	-	-	2,515
Total revenues	<u>422,692</u>	<u>381,125</u>	<u>342,899</u>	<u>339,415</u>
Expenditures:				
General government (1)	56,737	19,758	18,477	18,999
Cultural recreation and community services (2)	29,114	28,327	30,366	26,512
Public safety (3) (5)	189,936	192,511	180,276	171,486
Developmental services (4)	29,446	24,657	24,876	18,532
Community development	57,820	51,989	52,073	48,928
Capital outlay	35,312	31,855	41,418	45,109
Debt service:				
Principal retirement	68,278	10,248	9,787	9,181
Interest and fiscal charges	4,975	5,334	5,741	6,020
Cost of issuance and other bond charges	-	-	-	-
Total expenditures	<u>471,618</u>	<u>364,679</u>	<u>363,014</u>	<u>344,767</u>
Excess (deficiency) of revenues over (under) expenditures	(48,926)	16,446	(20,115)	(5,352)
Other Financing Sources (uses):				
Loss on sale of land held for resale	-	-	-	-
Sales of capital assets	3,138	-	-	2,000
Transfers in	22,368	12,713	11,763	11,645
Transfers out	(15,525)	(12,470)	(11,551)	(11,398)
Bond discount	-	-	-	-
Capital lease agreement	-	-	-	-
Issuance of Debt	-	-	7,297	2,052
Payment to refunded bond escrow agent	8,798	-	-	-
Proceeds from issuance of bonds	44,650	-	-	-
Proceeds of refunding debt	-	-	-	-
Capital contribution	-	-	-	-
Total other financing sources (uses)	<u>63,429</u>	<u>243</u>	<u>7,509</u>	<u>4,299</u>
Extraordinary gain (loss)	-	-	-	-
Net change in fund balance	<u>\$ 14,503</u>	<u>\$ 16,689</u>	<u>\$ (12,606)</u>	<u>\$ (1,053)</u>
Debt service as a percent of noncapital expenditures	16.7%	4.7%	4.9%	5.0%

Source: City of Santa Ana 2011 - 2020 CAFRs

1. Includes Human Resources and Finance.

2. Includes Museum and Library.

3. Includes Police and Fire and pass-through payments to districts & other agencies.

4. Includes Planning and Building, and Public Works.

5. As of April 2012, the City contracted with OCFA for fire services.

STATISTICAL SECTION

SCHEDULE 4

Fiscal Year						
2016	2015	2014	2013	2012	2011	
\$ 125,255	\$ 127,913	\$ 164,855	\$ 156,008	\$ 176,503	\$ 191,434	
4,744	5,346	3,295	4,043	3,948	3,806	
129,823	129,108	95,367	88,411	108,638	121,924	
12,756	10,698	11,493	8,752	11,021	9,899	
5,450	5,937	7,010	6,935	6,930	7,902	
2,992	1,715	1,607	(396)	1,163	1,355	
-	-	-	-	273	238	
35,688	31,048	43,804	35,541	36,985	39,280	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>316,708</u>	<u>311,765</u>	<u>327,431</u>	<u>299,294</u>	<u>345,461</u>	<u>375,838</u>	
15,261	14,369	13,264	12,494	10,155	10,782	
23,934	4,976	27,074	23,762	21,138	21,205	
162,047	154,975	151,703	150,723	169,504	164,203	
18,892	36,754	17,237	17,565	15,575	19,763	
42,827	44,150	58,337	55,359	82,114	71,413	
30,367	25,123	10,801	25,378	30,067	58,488	
8,242	7,872	11,513	6,865	9,001	14,244	
6,342	6,750	7,987	8,471	11,940	17,543	
-	-	183	-	-	778	
<u>307,912</u>	<u>294,969</u>	<u>298,099</u>	<u>300,617</u>	<u>349,493</u>	<u>378,419</u>	
8,796	16,796	29,332	(1,323)	(4,032)	(2,581)	
(1,267)	-	-	-	-	-	
-	-	-	-	-	-	
17,826	14,975	12,496	11,826	103,691	55,970	
(17,624)	(14,793)	(12,186)	(11,115)	(90,149)	(54,377)	
-	-	-	-	-	(374)	
-	4,256	-	-	-	-	
-	955	-	-	-	-	
-	-	(44,856)	-	-	(59,850)	
-	-	45,060	-	-	-	
-	-	-	-	-	66,790	
-	-	3,437	-	-	-	
<u>(1,065)</u>	<u>5,393</u>	<u>3,951</u>	<u>711</u>	<u>13,542</u>	<u>8,159</u>	
-	-	-	-	(81,889)	-	
<u>\$ 7,731</u>	<u>\$ 22,189</u>	<u>\$ 33,283</u>	<u>\$ (612)</u>	<u>\$ (72,379)</u>	<u>\$ 5,578</u>	
5.3%	5.4%	6.8%	5.6%	6.6%	9.9%	

**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 ²
	Secured	Unsecured	Less: Exemptions ¹			
2020	\$ 26,373,249	\$ 1,570,712	\$ (152,527)	\$ 27,791,434	-	
2019	25,027,024	1,493,217	(153,329)	26,366,912	-	
2018	23,719,049	1,513,465	(155,807)	25,076,707	-	
2017	22,436,846	1,449,280	(157,732)	23,728,394	-	
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	-	

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 ¹	Taxable Assessed Value	Total Direct Tax Rate ²
\$	7,818,215	\$ 986,961	\$ (6,197)	\$ 8,798,980	1.0000
	7,356,533	\$ 941,861	(5,745)	8,292,649	-
	6,937,988	991,258	(5,547)	7,923,698	1.1045
	6,532,889	944,728	(5,677)	7,471,941	1.1177
	6,292,184	980,400	(5,723)	7,266,861	1.1167
	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

**Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years
(Code Area 11-003)**

	2020	2019	2018	2017
City direct rates:				
City basic rate	(1)	(1)	(1)	(1)
Redevelopment agency				
Total City direct rate	-	-	-	-
Overlapping Rates:				
Santa Ana Unified School				
District bonds	0.08127	0.07300	0.05561	0.06327
Rancho Santiago Community				
College District bonds	0.04520	0.05178	0.04537	0.05088
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350
County of Orange	1.00000	1.00000	1.00000	1.00000
Total direct rate	<u>1.12997</u>	<u>1.12828</u>	<u>1.10448</u>	<u>1.11765</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

2016	2015	2014	2013	2012	2011
(1)	(1)	(1)	(1)	(1)	(1)
-	-	-	-	-	-
0.06377	0.06604	0.06869	0.07749	0.07147	0.07167
0.04945	0.05039	0.05078	0.03241	0.03146	0.03141
0.00350	0.00350	0.00350	0.00350	0.00370	0.00370
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<u>1.11672</u>	<u>1.11993</u>	<u>1.12297</u>	<u>1.11340</u>	<u>1.10663</u>	<u>1.10678</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
2020	\$ 39,363,777	\$ 38,776,771	98.5%	\$ 338,857	\$ 39,115,627	99.4%
2019	37,972,488	37,415,786	98.5%	510,214	37,926,000	99.9%
2018	36,331,948	35,786,397	98.5%	432,373	36,218,770	99.7%
2017	34,625,379	33,948,629	98.0%	217,366	34,165,995	98.7%
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%

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)**

Category	Fiscal Year			
	2020	2019	2018	2017
General Retail	\$ 892,136	\$ 987,259	\$ 963,193	\$ 946,321
Food Products	749,169	811,103	805,433	761,998
Transportation	890,337	982,554	967,443	928,206
Construction	445,367	466,522	524,397	524,692
Business to Business	926,200	1,148,295	997,471	910,681
Miscellaneous ¹	29,665	38,693	46,764	53,777
Total	\$ 3,932,874	\$ 4,434,427	\$ 4,304,699	\$ 4,125,674

1. Miscellaneous category includes health & government

- The County of Orange has a 7.75% tax rate.
- The Santa Ana residents approved Measure X, the City's Transactions & Use Tax, on November 6, 2018. The measure increases the City's sales tax by 1.5 cents until 2029, then reduced to 1 cent until 2039.

Source: MBIA Muniservices

SCHEDULE 8

Fiscal Year						
2016	2015	2014	2013	2012	2011	
\$ 966,874	\$ 936,187	\$ 897,382	\$ 890,101	\$ 854,525	\$ 861,474	
733,732	688,882	644,269	612,531	576,067	561,058	
949,296	960,861	968,350	926,317	888,621	831,180	
528,337	487,685	461,968	416,051	380,951	363,440	
845,233	794,870	756,298	730,186	696,194	649,712	
46,086	42,054	58,492	45,012	37,448	36,023	
<u>\$ 4,069,557</u>	<u>\$ 3,910,538</u>	<u>\$ 3,786,760</u>	<u>\$ 3,620,197</u>	<u>\$ 3,433,806</u>	<u>\$ 3,302,886</u>	

Principal Property Tax Remitters Current and Nine Fiscal Years Ago

Principal Property Tax Remitters	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Main Place Shoppingtown	\$ 343,815,179	1	1.24%	\$ 222,566,711	1	1.09%
RP Essex Skyline Holdings	144,387,459	2	0.52%			
Bre OC Griffin LLC	143,354,849	3	0.52%			
First American Title	136,072,485	4	0.49%	113,796,409	4	0.56%
APG OCIC LLC	111,354,558	5	0.40%			
Adagio 366 LLC	99,878,400	6	0.36%			
Tustin Avenue Apts LLC	97,803,600	7	0.35%			
Pacific Coast Holdings Investment	94,361,926	8	0.34%			
BSG West Bristol LLC	92,072,336	9	0.33%			
1851 E First Street	85,000,000	10	0.31%	82,243,620	8	0.40%
NDC Skyline Assoc LLC				132,151,436	2	0.64%
GLL US Office LP	-		-	129,225,656	3	0.63%
Greenville Ranch LLC	-		-	108,840,135	5	0.53%
Freedom Newspapers Inc.	-		-	98,197,637	6	0.48%
Mountain Ventures	-		-	84,660,000	7	0.41%
Maguire Properties Griffi	-		-	80,000,000	9	0.39%
Fund IX VT Santa Ana	-		-	76,137,735	10	0.37%
Total	\$ 1,348,100,792		4.86%	\$ 1,127,819,339		5.50%

Banc of CA N A

Tustin Centre Property Holding

Presented in order of highest to lowest estimated property tax revenue paid to the City and dissolved Redevelopment Agency.

Source: MBIA Muniservices LLC / an Avenu Insights & Analytics Company



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			
	2020	2019	2018	2017
Type of Customer				
Residential	6,928,365.0	7,004,926.5	7,228,201.5	6,892,323.3
Commercial	1,933,951.0	2,084,082.8	2,151,678.1	2,042,209.0
Industrial	599,309.6	620,519.9	694,821.7	611,536.4
Wholesale food	126,488.3	111,505.1	113,598.8	109,407.0
Government	200,024.2	212,388.6	236,191.5	200,476.0
Others ¹	407,120.7	478,703.5	496,808.1	453,205.0
Total	<u>10,195,258.7</u>	<u>10,512,126.5</u>	<u>10,921,299.7</u>	<u>10,309,156.7</u>
Total direct rate per 44 units ²	\$ 3.090	\$ 3.020	\$ 2.950	\$ 2.950

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					
2016	2015	2014	2013	2012	2011
6,903,687.7	7,725,440.5	8,285,900.4	8,191,888.8	8,054,021.9	8,017,322.1
2,031,311.4	2,232,378.3	2,315,563.4	2,257,527.6	2,203,292.3	2,174,889.3
619,406.1	827,394.2	844,945.3	801,654.8	761,203.7	725,834.5
108,499.6	110,939.6	117,576.6	114,953.4	113,081.9	110,922.4
209,123.6	317,185.7	360,322.8	352,676.0	350,978.8	325,890.9
450,398.5	567,059.6	555,458.8	508,589.9	485,600.9	489,859.2
<u>10,322,426.9</u>	<u>11,780,397.8</u>	<u>12,479,767.4</u>	<u>12,227,290.5</u>	<u>11,968,179.5</u>	<u>11,844,718.4</u>
\$ 2.790	\$ 2.727	\$ 2.727	\$ 2.727	\$ 2.727	\$ 2.673

**Water Rates
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Monthly base Rate ¹	Rate per 44 Units ²
2020	\$ 13.90	3.09
2019	13.90	3.02
2018	12.35	2.95
2017	10.70	2.95
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

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	2020		2011	
	Taxable Water Charges	Percentage of Total Water Revenues	Taxable Water Charges	Percentage of Total Water Revenues
Adohr Farms Inc	\$ 436,585.35	0.82%	\$ 249,797	0.57%
Chroma Systems	444,573.15	0.83%	325,479	0.75%
Fairview Villas	217,832.81	0.41%	207,577	0.48%
County of Orange	197,875.89	0.37%		0.00%
County of Orange	189,408.07	0.35%	128,008	0.29%
Power Circuits Inc.	200,794.30	0.38%	223,142	0.51%
Far West Management Corp	139,969.98	0.26%	142,385	0.33%
Mac Arthur Village	134,767.32	0.25%	108,347	0.25%
Warwick Square Assoc. Inc.	116,528.35	0.22%	142,057	0.33%
Western Medical Center	130,836.16	0.24%		0.00%
Town Square Owners			119,435	0.27%
	-	-	109,687	0.25%
	-	-		0.00%
Total	\$ <u>2,209,171</u>	<u>4.13%</u>	\$ <u>1,755,913</u>	<u>4.02%</u>

Source: City of Santa Ana Finance & Management Services Agency, Water Customer Services Division

Ratios of Outstanding Debt by Type¹
Last Ten Fiscal Years
(Net of Bond Discount/Premium)

Governmental Activities					
Fiscal Year Ended June 30	Tax Allocation Bonds	Tax Allocation Refunding Bonds	Capital Leases	Certificates of Participation	
2020	\$ -	\$ -	\$ 2,628,034	\$ -	
2019	-	-	3,020,229	55,257,535	
2018	-	-	3,455,990	56,825,037	
2017	-	-	3,999,230	58,317,539	
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	
Fiscal Year Ended June 30	Lease Revenue Bonds	Refunding Revenue Bonds	Long Term Loans	Private Placement Financing	Direct Borrowings and Placements ³
2020	\$ 15,892,500	\$ 50,427,560	\$ 1,898,200	\$ -	\$ 29,480,430
2019	19,300,000	-	1,120,874	-	34,537,993
2018	22,505,000	-	10,519,142	29,820,000	-
2017	25,522,500	-	3,750,566	33,835,000	-
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	-	-
Business-type Activities					
Fiscal Year Ended June 30	Revenue Bonds Payable	Refunding COP	Notes Payable		
2020	\$ 13,912,446	\$ -	\$ -		
2019	14,804,735	-	-		
2018	15,662,024	-	-		
2017	16,494,313	-	98,216		
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		

SCHEDULE 13

Fiscal Year Ended June 30	Total		
	Total Primary Government	Percentage of Personal Income ²	Debt Per Capita ²
2020	\$ 114,239,170	\$ 0.05%	\$ 1,593
2019	128,041,366	0.06%	1,848
2018	138,787,193	0.07%	2,122
2017	142,017,364	0.07%	2,288
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

Source: City of Santa Ana 2011 - 2020 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.

3. The City implemented GASB 88 in fiscal year 2018-19.

**Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year			
	2020	2019	2018	2017
Assessed valuation	20,387,182,833	26,520,241,206	25,232,415,520	23,886,126,355
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	5,096,795,708	6,630,060,302	6,308,103,880	5,971,531,589
Debt limit percentage ¹	10%	10%	10%	10%
Debt limit	509,679,571	663,006,030	630,810,388	597,153,159
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>509,679,571</u>	<u>663,006,030</u>	<u>630,810,388</u>	<u>597,153,159</u>
Total debt applicable to the limit as percentage of debt limit	0.0%	0.0%	0.0%	0.0%

Source: County of Orange Auditor-Controller's Office

1. This equates to be the 10% authorized by the Santa Ana Charter (Section 602) 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					
2016	2015	2014	2013	2012	2011
23,013,226,208	22,075,383,494	21,119,683,205	20,339,779,135	20,100,864,489	19,888,288,298
25%	25%	25%	25%	25%	25%
5,753,306,552	5,518,845,874	5,279,920,801	5,084,944,784	5,025,216,122	4,972,072,075
10%	10%	10%	10%	10%	10%
575,330,655	551,884,587	527,992,080	508,494,478	502,521,612	497,207,207
-	-	-	-	-	-
<u>575,330,655</u>	<u>551,884,587</u>	<u>527,992,080</u>	<u>508,494,478</u>	<u>502,521,612</u>	<u>497,207,207</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Direct and Overlapping Debt
Fiscal Year 2020**

<u>City of Santa Ana</u>			
2019-20 Assessed Valuation:	\$ 27,943,960,825		
<u>Overlapping Tax and Assessment Debt:</u>	Total Debt 6/30/20	% Applicable (1)	City's Share of Debt 06/30/20
Metropolitan Water District	\$ 37,300,000	0.902%	\$ 336,446
Coast Community College District	908,050,757	0.242%	2,197,483
Rancho Santiago Community College District	220,164,038	30.839%	67,896,388
Rancho Santiago Community College District SFID No. 1	166,020,000	55.414%	91,998,323
Garden Grove Unified School District	403,257,300	11.781%	47,507,743
Orange Unified School District	180,385,000	3.187%	5,748,870
Santa Ana Unified School District	285,682,392	59.895%	171,109,469
Tustin Unified School District Facilities Improvement District No 2002-1	41,157,228	12.498%	5,143,830
Tustin Unified School District Facilities Improvement District No 2008-1	83,175,000	12.487%	10,708,781
Tustin Unified School District Facilities Improvement District No 2012-1	39,895,000	8.961%	3,574,991
City of Santa Ana 1915 Act Bonds	1,380,000	100.000%	1,380,000
Total Overlapping Tax and Assessment Debt:			\$ 407,602,324
<u>Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	\$ 386,745,000	4.466%	\$ 17,272,032
Orange County Pension Fund Obligations	466,863,754	4.466%	20,850,135
Orange County Board of Education Certificates of Participation	12,930,000	4.466%	577,454
Coast Community College District General Fund Obligations	2,600,000	0.242%	6,292
Orange Unified School District Benefit Obligations	63,565,000	3.187%	2,025,817
Orange Unified School District Certificates of Participation	24,951,384	3.187%	795,201
Santa Ana Unified School District Certificates of Participation	62,467,085	59.895%	37,414,661
Total Overlapping General Fund Debt			\$ 78,941,592
<u>Direct Governmental Fund Debt (Net of Bond Discount/Premium):</u>			
City of Santa Ana Governmental Fund Obligations			
Capital Lease Obligations	\$ 2,628,034	100%	2,628,034
2019 Gas Tax Revenue Refunding Bonds	50,427,560	100%	50,427,560
Police Lase Revenue Bonds	15,892,500	100%	15,892,500
Long-Term Loans & Other Payables	1,898,200	100%	1,898,200
2014 Private Placement Lease Financing	21,385,000	100%	21,385,000
800 Mhz Radio System	1,531,143	100%	1,531,143
Streetlights Acquisition & Upgrade project	6,564,287	100%	6,564,287
Total Direct Governmental Fund Debt			\$ 100,326,724
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	\$ 69,480,000	99.999% - 100%	\$ 69,479,305
Total Direct Debt			\$ 100,326,724
Total Overlapping Debt			\$ 556,023,221
Combined Total Debt			\$ 656,349,945 (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 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.46%
Total Direct Debt (\$48,872,110).....	0.36%
Combined Total Debt.....	2.35%

Ratios to Redevelopment Incremental Valuation (\$7,527,273,277):

Total Overlapping Tax Increment Debt.....	0.92%
---	-------

Source: California Municipal Statistics, Inc. and City of Santa Ana

Pledged-Revenue Coverage¹
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	
2020	\$ 57,062	\$ 48,415	\$ 8,647	785	570	6.38
2019	56,227	45,808	10,419	745	609	7.69
2018	55,560	46,758	8,802	685	677	6.46
2017	51,658	41,892	9,766	665	700	7.15
2016	48,289	38,994	9,295	605	716	7.04
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

Source: City of Santa Ana 2011 - 2020 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)
2019	335,052	\$ 227,732,561	\$ 71,711	2.8%
2018	337,716	220,684,684	69,268	2.9%
2017	338,247	208,653,019	65,400	3.5%
2016	341,341	196,920,661	62,071	4.0%
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%

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	2020		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
County of Orange	18,798	12.4%	15,390	9.5%
Santa Ana Unified School District	5,723	3.8%	-	
Santa Ana College (includes Centennial and Rancho Santiago)	3,641	2.4%	2,300	1.4%
KPC Healthcare (formerly Integrated Healthcare Holdings)	1,761	1.2%	-	
First American Title Co.	1,742	1.2%	-	
City of Santa Ana	1,287	0.9%	-	
United States Postal Service (3 locations)	1,248	0.8%	2,000	1.2%
Superior Court of CA-County of Orange	756	0.5%	-	
Johnson & Johnson (Prev: Abbott Medical Optics Inc (AMO))	615	0.4%	-	
Aluminum Precision Products	563	0.4%	-	
Ingram Micro	-	-	4,000	2.5%
Tenet Healthsystem Medical Inc	-	-	1,500	0.9%
Freedom Communications Inc.	-	-	900	0.6%
First American Corp			900	0.6%
Corinthian Colleges Inc			858	0.5%
California Department of Mental Health			800	0.5%
Ponderosa Builders Inc			800	0.5%

"Total Employment" as used above represents the total employment of all employers within the City limits.

Source: MuniServices, LLC / an Avenu Insights & Analytics Company

Full-time and Part-time City Employees by Function Last Ten Fiscal Years

Function	Full-Time and Part-time Employees as of June 30			
	2020	2019	2018	2017
General government (1)	219	219	197	193
Cultural recreation and community services (2)	392	392	376	353
Public safety (3) (5)	623	621	592	604
Developmental services (4)	278	278	242	246
Community development	62	62	49	48
Total	<u>1,574</u>	<u>1,572</u>	<u>1,456</u>	<u>1,444</u>

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

2016	2015	2014	2013	2012	2011
200	188	175	164	165	178
380	368	392	401	390	396
597	585	596	635	654	877
229	238	216	223	222	256
51	60	59	69	74	90
<u>1,457</u>	<u>1,439</u>	<u>1,438</u>	<u>1,492</u>	<u>1,505</u>	<u>1,797</u>

Operating Indicators by Function Last Ten Fiscal Years

	2020	2019	2018
Police:			
Physical arrests	8,178	8,199	8,621
Parking citations issued	112,495	105,003	103,015
Traffic citations issued	13,069	9,032	9,860
Responses to 911 calls	169,126	162,013	156,165
Fire:			
Number of emergency calls-SAFD	-	-	-
Number of emergency calls-OCFA	27,335	27,514	26,707
Inspections-SAFD	N/A	N/A	N/A
Inspections-OCFA	3,163	3,105	2,994
Public Works:			
Streets:			
-Street resurfacing (miles) *	5	4	3
-Pot holes repaired **	1,687	2,196	4,934
Refuse collected (tons/year)			
-Goal: Max lbs refuse disposed/person	8	8	8
-Actual: lbs refuse disposed/person	5	6	5
Water:			
-New connections	92	22	147
-Water mains breaks	18	21	13
-Average daily consumption (thousands of gallons)	29,460	29,850	31,210
Parks, recreation and community services:			
Athletic field permits issued ***	-	-	5,282
Number of recreation classes (subjects) ***	2,002	2,160	1,157
Number of facility rentals ***	6,494	8,393	432
Planning and Building:			
Number of building permits issued	2,317	2,801	3,007
Number of plan checks	2,200	2,362	2,140
Number of inspections	26,147	29,261	29,053
Number of demolition building permits	58	82	32
Value of construction (in thousands):			
-Commercial and industrial construction	105,440,683	170,134	39,004
-Residential construction	68,426,047	261,885	102,518
-Other additions and alterations	149,549,354	3,262	144,019

* Note: Data for 2010 to 2018 has been updated

** 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.

*** Note: Beginning in 2019, new software combines athletic field permits issued and facility rentals; recreational classes count is by class session not by subject.

Source: City of Santa Ana

SCHEDULE 20

2017	2016	2015	2014	2013	2012	2011
9,704	9,492	10,445	10,273	12,100	6,456	11,645
101,841	105,714	94,112	72,464	72,129	36,709	82,737
11,184	11,325	9,378	7,886	10,210	6,816	12,873
148,390	131,197	159,530	165,505	168,362	90,644	150,057
-	-	-	-	-	14,817	18,360
25,074	23,455	21,392	19,303	18,961	4,024	N/A
N/A	N/A	N/A	N/A	N/A	2,890	4,931
1,267	2,862	2,686	2,616	1,075	-	N/A
3	4	3	9	6	33	47
2,289	2,000	1,900	24,200	20,400	24,500	23,750
8	8	8	8	8	8	8
5	5	5	5	5	5	5
56	86	86	27	36	61	22
26	19	15	17	15	25	35
29,700	29,300	32,700	35,200	35,000	34,000	33,400
8,835	13,254	12,957	11,619	10,773	9,229	8,781
1,847	1,166	634	415	496	186	172
652	1,021	1,166	1,250	1,466	2,872	2,722
3,213	3,513	3,325	2,131	2,417	2,347	2,355
2,635	2,661	2,762	2,292	3,147	2,220	1,561
27,278	28,702	22,597	20,884	19,813	21,077	24,185
84	10	18	16	12	43	27
8,243	20,046	60,624	8,494	22,255	9,564	12,278
55,001	28,361	117,512	6,720	33,918	30,744	11,695
141,668	102,619	43,027	87,656	88,436	76,961	73,671

**Capital Assets Statistics by Function
Last Ten Fiscal Years**

	2020	2019	2018
Police:			
Stations	3	4	4
Fire:			
Fire stations	10	10	10
Public Works:			
Street (miles)	424	422	422
Streetlights *	12,178	12,015	3,515
Traffic Signals	303	303	303
Parks, Recreation and community services			
Number of parks	45	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)	146000	146,000	146,000
Number of water wells	20	20	20
Number of reservoirs	10	10	10
Number of hydrants	5042	5,008	5,002
Sewer:			
Sewer mains (miles)	398	398	390

* Note: Beginning in 2015, count includes metered and un-metered City-owned streetlights.

Source: City of Santa Ana

SCHEDULE 21

2017	2016	2015	2014	2013	2012	2011
4	4	2	2	3	3	2
10	10	10	10	10	10	10
422	422	422	422	422	422	421
2,909	2,871	2,861	1,872	1,822	1,805	1,789
299	297	297	297	297	297	292
44	44	44	44	41	35	35
2	2	2	2	2	2	2
17	17	18	18	18	17	17
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	13	13	13	13	11	11
480	480	480	480	480	481	478
146,000	146,000	146,000	146,000	146,000	146,000	146,000
20	20	20	20	20	20	20
10	10	10	10	10	10	10
4,955	4,899	4,844	4,826	4,815	4,815	4,812
390	390	390	390	390	390	390



CITY OF SANTA ANA, CALIFORNIA
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CITY OF SANTA ANA,
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2020 Comprehensive Annual Financial Report

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