

CITY OF SANTA ANA, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021



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



CITY OF SANTA ANA, CALIFORNIA

2021
Annual Comprehensive
Financial Report

For the Fiscal Year Ended June 30, 2021

Prepared by
Finance & Management Services Agency

Annual Comprehensive Financial Report

Table of Contents

June 30, 2021

	<u>Page No.</u>
INTRODUCTORY SECTION (unaudited)	
Title Page	i
Table of Contents	iii
Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	10
Directory of City Officials	11
Table of Organization	13
FINANCIAL SECTION	
Independent Auditor’s Report	16
Management’s Discussion and Analysis (Required Supplementary Information).....	22
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	40
Statement of Activities.....	41
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	47
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	50
Statement of Revenues, Expenditures and Changes in Fund Balances.....	51
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	53
Proprietary Funds:	
Statement of Net Position.....	55
Statement of Revenues, Expenses and Changes in Fund Net Position.....	57
Statement of Cash Flows.....	59
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	63
Statement of Changes in Fiduciary Net Position.....	64
Notes to the Basic Financial Statements	
Note 1. Summary of Significant Accounting Policies.....	68
A. Reporting Entity	68
B. Government-wide and Fund Financial Statements	68
C. Measurement Focus, Basis of Accounting and Financial Statement Presentations	69
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances.....	72
E. New Accounting Pronouncements.....	77

Table of Contents *(continued)*

	<u>Page No.</u>
Note 2. Fund Deficits	78
Note 3. Detailed Notes on all Funds	79
A. Cash and Investments	79
B. Capital Assets	85
C. Interfund Receivables, Payables, Transfers and Advances.....	88
D. Long-Term Liabilities	90
E. Special Assessment Debt with No City Commitment.....	100
F. Other Bonds and Loan Programs	101
G. Commitments	103
Note 4. Other Information.....	105
A. Risk Management.....	105
B. Related Party Transactions	106
C. Contingent Liabilities	107
D. Joint Ventures.....	108
E. Defined Benefit Pension Plan	108
F. Supplementary Retirement Plan.....	116
G. Other Post-Employment Benefits Plan.....	121
H. Classification of Fund Balances	125
I. Restatement of Prior Year Financial Statements.....	126
J. Subsequent Events.....	127
Required Supplementary Information	
Budgetary Comparison Schedules:	
General Fund.....	130
Special Revenue Housing Authority Fund.....	131
Special Revenue American Rescue Plan Act	132
Special Revenue Gas Tax Fund	133
Notes to Required Supplementary Information.....	135
Miscellaneous and Safety Plans Schedule of Changes in Net Pension Liability and Related Ratios Last Ten Fiscal Years.....	137
Miscellaneous and Safety Plans Schedule of Plan Contributions Last Ten Fiscal Years.....	139
Supplementary Retirement Plan Schedule of Changes in Net Pension Liability and Related Ratios Last Ten Fiscal Years.....	141
Supplementary Retirement Plan Schedule of Employer Contributions Last Ten Fiscal Years.....	143
Schedule of Changes in the Total OPEB Liability and Related Ratios Last Ten Fiscal Years	144
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	148
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	149
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	151
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	153
Budgetary Comparison Schedules for Certain Special Revenue Funds:	
Sewer Connection Fee.....	154
Civic Center Maintenance	155
Inmate Welfare	156
Air Quality Improvement	157

Table of Contents *(continued)*

	<u>Page No.</u>
Nonmajor Debt Service Funds:	
Combining Balance Sheet	159
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	160
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	163
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	165
Nonmajor Enterprise Funds:	
Combining Statement of Net Position	169
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	171
Combining Statement of Cash Flows	173
Internal Service Funds:	
Combining Statement of Net Position	179
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	183
Combining Statement of Cash Flows	187
Custodial Funds:	
Combining Statement of Fiduciary Net Position	191
Combining Statement of Changes in Fiduciary Net Position	193

STATISTICAL SECTION (unaudited)

	<u>Table No.</u>	
Statistical Section Table of Contents		198
Net Position by Component - Last Ten Fiscal Years	1	199
Changes in Net Position - Last Ten Fiscal Years	2	201
Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	3	207
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	4	209
Assessed Value and Estimated Actual Value of Taxable Property –		
Last Ten Fiscal Years.....	5	211
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	6	213
Property Tax Levies and Collections – Last Ten Fiscal Years.....	7	215
Taxable Sales by Category – Last Ten Fiscal Years	8	217
Principal Property Tax Remitters – Current and Nine Fiscal Years Ago	9	219
Water Sold by Type of Customers – Last Ten Fiscal Years	10	221
Water Rates- Last Ten Fiscal Years.....	11	223
Principal Water Customers – Current and Nine Years Ago.....	12	224
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	13	225
Legal Debt Margin Information – Last Ten Fiscal Years	14	227
Direct and Overlapping Debt - Fiscal Year 2021	15	229
Pledged - Revenue Coverage – Last Ten Fiscal Years.....	16	230
Demographic and Economic Statistics – Last Ten Calendar Years	17	231
Principal Employers – Current and Nine Years Ago	18	232
Full-time and Part-time City Employees by Function –		
Last Ten Fiscal Years.....	19	233
Operating Indicators by Function – Last Ten Fiscal Years	20	235
Capital Assets Statistics by Function – Last Ten Fiscal Years.....	21	237



CITY OF SANTA ANA, CALIFORNIA

Annual
Comprehensive Financial
Report

MAYOR
Vicente Sarmiento
MAYOR PRO TEM
Phil Bacerra
COUNCILMEMBERS
Johnathan Ryan Hernandez
Jessie Lopez
Nelida Mendoza
David Penalzoza
Thai Viet Phan



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
www.santa-ana.org

December 8, 2021

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 Annual Comprehensive Financial Report (ACFR) for the City of Santa Ana (the City) for the fiscal year ended June 30, 2021. 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.

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, 2021 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. CliftLarsonAllen LLP (CLA), a firm of certified public accountants, has audited the City's financial statements. 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, 2021 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.

The ACFR 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.

SANTA ANA CITY COUNCIL

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Mayor
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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.

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, 2021, the City expended over \$105 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 2019 Census data and the 13th largest City in the State.

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 approximately 332,000. Santa Ana is a densely populated city, ranking fourth nationally among cities of over 300,000 residents. 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 entertainment destinations such as the Bowers Museum, MainPlace Mall, and the Discovery Science Center. Near the intersection of the Santa Ana Freeway and the Costa Mesa Freeway is the newly designated "Metro East" area, which the City Council has envisioned as a secondary mixed-use development district. Also on the east side of the city is the Santa Ana Zoo at Prentice Park, notable for its collection of monkeys and species from South and Central America. 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 the second largest in Orange County. The District offers various programs to provide each of its students with a high-quality education, rigorous and advanced programs, and a nurturing, safe environment with state-of-the-art facilities and 21st century learning and technology.

Santa Ana is the headquarters for many recognized companies such as Behr Paint, First American Corporation, KPC Healthcare, Aluminum Precision Products, 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, Ultimate Software, and Yokohama Tire Corporation. In recent years, Santa Ana has approved commercial projects in the South Coast Metro area, as well as the Metro East development, located at the confluence of the Santa Ana Freeway and the Costa Mesa Freeway.

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 30% 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 strong performance with its cannabis operators and department and apparel stores experiencing increases on an annual basis when compared to the prior year. The Transportation sector experienced strong results on a year over year basis specifically new Auto-Sales and Service Stations experiencing the largest gains 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. Although statewide safety measures were lifted in June 2021 and businesses are now allowed to operate without restrictions, the City anticipates the pandemic will continue to affect the City's local economy and financial outlook. The full financial impact to the City and the duration is difficult to estimate at this time.

Although these dramatic and rapid changes have created uncertainty relating to revenue estimates and expenditures for the fiscal year 2020-21, the City has also received numerous COVID-19 federal, state, and local funding allocations during the current fiscal year. The most notable allocations were over \$30 million of the Coronavirus Aid, Relief, and Economic Security Act (CARES) funds and \$128 million of the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The City received its first tranche of the SLFRF funds totaling \$64 million and approved the Revive Santa Ana Spending Plan to appropriate the funds. These funds will be used to protect and revive the Santa Ana community as it emerges from the impacts of the COVID-19 pandemic. Some of the plan's major priorities include; a) Recovery from the Pandemic, b) Direct Assistance Programs, c) Public Health & Safety, d) Critical Infrastructure, and e) City Fiscal Health. The City expects to expend most of its first tranche during the fiscal year 2021-22 and provide much needed assistance to many local businesses and residents.

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, and Cannabis 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 Casa Querencia, a 56 studio and one-bedroom permanent supportive housing units, La Placia Cinco, a 50 units of affordable housing for Santa Ana families, and Legacy Square, a transit-oriented affordable housing development.

Economic Condition and Outlook

Due to the COVID-19 pandemic and its projected impact on the City's income, the City anticipated a reduction of its major revenue sources when the fiscal year 2020-21 budget was first adopted. However, the City experienced a less severe impact of the pandemic during the year and subsequently adjusted budget for its major revenue source to reflect the positive trend. Most notably, the actual Sales Tax (Bradley Burns-1.0% and Measure X-1.5%) revenues exceeded revised revenue estimate by \$19.7 million, largely due to an increase in e-commerce as a result of the Wayfair decision offsetting reduction in sales within brick and mortar locations. Other higher than anticipated revenue sources received by the City were Business License Tax and Cannabis Tax revenues with combined total exceeding its revised revenue estimate by \$6.3 million. The fund balance of the General Fund increased \$36.0 million, largely attributable to the increase in these tax revenues.

The City continues to leverage the positive economic climate via establishment of economic incentives and assistance for businesses through 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:

City Financial Stability

- Issuance of 2021 Tax Pension Obligation Bonds, Series A
 - Estimated net present value savings of approximately \$138 million
 - \$425.8 million debt issuance finalized in September 2021

Economic Condition and Outlook (continued)

Residential

- Construction of new multi-family affordable housing projects
 - Casa Querencia, (56 permanent supportive housing units)
 - La Placita Cinco, (50 affordable housing units)
 - Hero's Landing, a 75-unit new construction project for homeless veterans
- Cornerstone Apartments
 - Rehabilitation of 126 units of existing affordable housing

Commercial

- Economic Development Team
 - Small business development through workshops and incentive program
 - A "Shop Local" campaign launched to encourage residents to Shop Santa Ana
 - Assisted Planet 13 Orange County, the largest dispensary in California, in meeting their hiring needs
- Santa Ana Tourism Marketing District
 - Established to create a citywide benefit assessment district designed to improve tourism activity and increase the demand for hotel room nights in the City
 - City Council approved a 2% assessment on room revenue for all hotels of 70 rooms or more within the City for an initial five-year term beginning January 1, 2021 through December 31, 2025
- Resident Vehicle Incentive Program
 - A total of 1,590 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
- Small Business Incentive Program
 - Provided seven new businesses with grants of up to \$5,000 to assist with business stabilization
 - Businesses were linked to the Small Business Development Center to receive technical support

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.

Although the economic uncertainty still exists today due to the ongoing COVID-19 pandemic, the City will continue to take every action necessary to ensure that the City responds to the challenge of the 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 2020-21, the City continued to maintain its General Fund policy-driven operating reserve. 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 beginning in 2029 coinciding with the reduction in Measure X sales tax revenue. In addition, the City faces the challenges of the COVID-19 pandemic along with pent-up demand for increased service levels. 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.

One of the biggest challenges to the City's long-term financial sustainability is the unfunded pension obligations for City employees under the California Public Employees' Retirement System (CalPERS). In order to proactively mitigate the impacts of significant increases in future pension costs, the City Council authorized staff to move forward with issuing a Pension Obligation Bond (POB) to refinance the City's Unfunded Accrued Liability (UAL) in March 2021. The proceeds of the POB paid approximately 75% of the City's CalPERS UAL with a projected savings to the City of approximately \$138 million (net present value) over the life of the debt, assuming CalPERS achieves its investment return assumption.

Other key elements in providing long-term stability include investing in economic development; modernizing operations to provide efficient service; partnering with various bargaining units to share the burden of increased employee benefits costs; examining fees to ensure the City maximizes its cost recovery; and continuing a partnership with the Orange County Fire Authority to deliver Fire and Emergency Medical services.

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 and monitor local and national economic trends, to ensure the City can fund service levels, 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

During the current fiscal year, the City Council updated its formal budget and reserve policy and created an unfunded employee pension liability cost reduction policy (Pension policy). Development of the policies provides guidance for a balanced budget approach, use of one-time funds, and appropriate reserve levels as recommended by the Government Finance Officers Association (GFOA) along with strategies in addressing rising employee pension costs.

The budget and reserve policy defines the appropriateness of when to utilize the reserve along with updated language regarding the amount to be maintained within the operating reserve. The policy requires the City to maintain an Operating Reserve of the Unrestricted Fund Balance equivalent to a minimum of 18% of annual recurring revenue. During fiscal year 2020-21, the City continues to maintain a reserve for the General Fund, which totals approximately \$63.1 million.

As noted above, the pension policy provides guidance in addressing the City's rising pension costs specifically via contribution of more than what is required from CalPERS and refinancing the City's existing pension obligations. While the City recently refinanced its pension obligations, it will also consider making an additional payment towards its Pension Stability account held by a third-party administrator.

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 2020-21 follow:

- The City was issued an “AA” rating related to issuance of \$425.8 million 2021 Taxable Pension Obligation Bonds, Series A

Community Development Agency

- Established the Santa Ana Tourism Marketing District
- Provided small business assistance utilizing COVID-19 assistance grants such as Community Development Block Grants Small Business Incentive Grant, CARES Business Grants, and Museum Economic Stabilization Grants
- Entered into Disposition and Development Agreement for development of 3rd & Broadway Parking Structure

Finance and Management Services Agency

- Organized and facilitated compliant spending and reporting for federal COVID-19 grant funds
- Developed a plan, and assembled a team via competitive process, to refinance the City’s pension debt providing future budget relief
- Implemented new Open Book software to make financial records easily accessible on the City’s website

Human Resources

- Implemented COVID-19 prevention protocols and projects throughout all City facilities to aid in the protection of employees and the public from the transmission of the virus
- Implemented Citywide Wellness Program

Information Technology Agency

- Implemented Voice over IP (VoIP) phone system
- Implemented Cityworks Asset Management System, ePlancheck System, and eCheck Payments

Library

- Shifted its entire program to offer all Library services virtually or through contact-free methods during COVID-19
- Rehabilitated the Newhope Library branch and began operating it as a full-service library
- Expanded its wireless hotspot lending program by adding 200 additional devices to better serve youth populations without internet access

Parks, Recreation & Community Services

- Installed fitness courts at Cabrillo, El Salvador, Lillie King, Heritage and Thornton Parks
- Completed Senior Center renovations
- Completed Service and Financial Sustainability Study and Cost Recovery Policy

Major Initiatives (Continued)

Planning & Building Agency

- Modernized land use, development, and community health and safety regulations
- Developed a Continuity of Operations Plan and implemented digital and electronic communication solutions

Police Department

- Reduced response times for Priority 1 calls for service by 33%
- Increased proactive policing measures leading to a 71% increase in firearms seized
- Coordinated the City Emergency Operations Center and took a lead role in the City's response to the pandemic

Public Works Agency

- Completed various street improvement and maintenance projects including expedited sidewalk concrete replacement at over 1,060 locations throughout the six Council wards
- Initiated the Advanced Meter Infrastructure Project (Santa Ana Smart Meter Program)

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 for the fiscal year ended June 30, 2020. The City has received this prestigious award for forty-three consecutive years. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. 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 Annual Comprehensive Financial Report 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

Annual
Comprehensive Financial
Report

GFOA Certificate of Achievement

Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2020



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, 2020

Christopher P. Morill

Executive Director/CEO

Directory of City Officials

June 30, 2021



Mayor
Vicente Sarmiento
vsarmiento@santa-ana.org



Ward 1
Councilmember
Thai Viet Phan
tphan@santa-ana.org



Ward 2
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David Peñaloza
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Ward 3
Councilmember
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Ward 4
Councilmember
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Ward 5
Councilmember
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Ward 6
Councilmember
Nelida Mendoza
nmendoza@santa-ana.org

Directory of City Officials

June 30, 2021

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

JASON MOSTICK
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

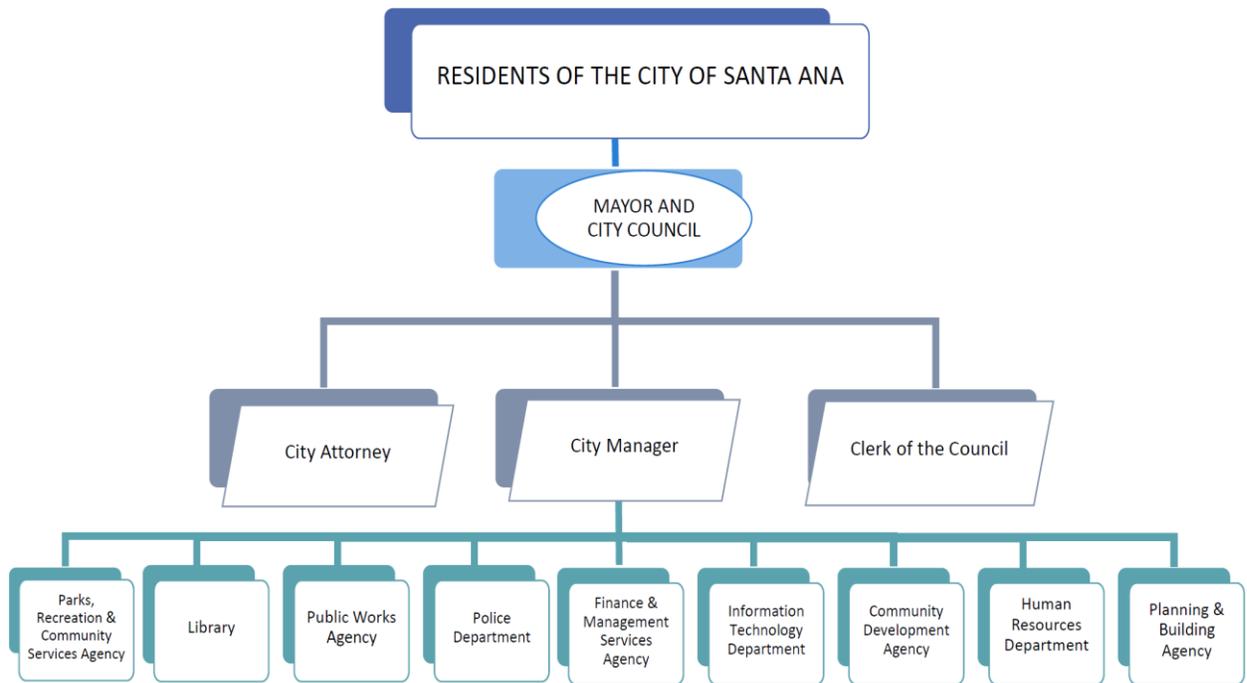
DAVID VALENTIN
POLICE CHIEF

PUBLIC WORKS AGENCY

NABIL SABA
EXECUTIVE DIRECTOR

Table of Organization

Fiscal Year 2020-2021



CITY OF SANTA ANA, CALIFORNIA

Financial Section



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Ana (the City), as of and for the year ended June 30, 2021, and the related notes to the 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.

Honorable Mayor and
Members of the City Council
of the City of Santa Ana

Auditors' Responsibility (Continued)

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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Ana as of June 30, 2021, and, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 4.I to the financial statements, the net positions as of July 1, 2020, were restated. Our opinions are not modified with respect to these matters.

Other Matters

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 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 required supplementary information 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 information 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Mayor and
Members of the City Council
of the City of Santa Ana

The supplementary information 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 as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an 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 8, 2021, 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 8, 2021

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, 2021. 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, 2021 by \$772.3 million (net position). The net position consists of the following amounts: \$1,038.9 million is net investment in capital assets, \$210.2 million is restricted for various programs and a deficit of \$(476.8) 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 \$702.5 million and \$55.2 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 108 to 124 of this report.
- The City's total Cash and Investments (including restricted assets) at June 30, 2021 was \$472.5 million, which is an increase of \$111.3 million or 30.8 % from the prior fiscal year. The increase is largely as a result of \$24.0 million in additional sales tax revenues received for Bradley Burns and Measure X compared to prior fiscal year, as well as various federal, state, and local COVID-19 grant allocations, including \$64.2 million of the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF).
- The City's total capital assets increased \$36.9 million (3.3%) from the prior fiscal year. Capital assets in the governmental activities increased \$25.0 million (2.5%) and business-type activities capital assets increased \$11.9 (9.1%) million during the current fiscal year largely as a result of improvement and infrastructure related to capital projects such as the Warner Avenue widening and Santa Ana Delhi water and street rehabilitation projects.
- The City's total long-term liabilities including net pension liability, total OPEB liability, compensated absences, and claims payable increased \$47.8 million (5.3%) during the current fiscal which was largely attributable to an increase in net pension liability of \$35.9 million and an addition of a new capital lease for a homeless shelter in the amount of \$9.4 million.
- The City's total unearned revenue increased \$68.9 million (423%) during the current fiscal year mainly due to an advance received (ARPA) to augment the City's COVID-19 response.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$291.8 million, an increase of \$46.5 million (19.0%) as compared to the prior fiscal year. Of this amount, \$119.8 million or approximately 41.1% 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 \$171.7 million (58.8%) represents amounts available for ongoing programs with external restrictions.

- At the end of the current fiscal year, the combined restricted and assigned fund balance for the General Fund was \$28.3 million (21.2%). The remaining amount of fund balance designated as unassigned is \$105.4 million (78.8%), which is an increase of \$31.4 million from the prior year. The increase is largely as a result of sales taxes and cannabis revenues outperforming budgeted expectations, along with a significant reduction in the Police Department personnel costs due to utilization of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Funds.

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, information technology, 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 40-42 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 seventeen 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 American Rescue Plan Act, Special Revenue Gas Tax, and Capital Projects Street Construction, 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 American Rescue Plan Act, 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 47-53 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 and Sewer, 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 55-62 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 City maintains two different types of fiduciary funds. The Private-Purpose Trust Fund is used to account for the assets and liabilities for the Successor Agency to the Santa Ana Redevelopment Agency; the Custodial Fund is used to account for those assets for which the City acts solely in a custodial capacity.

The basic fiduciary funds financial statements can be found on page 63-64 and 191-194 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 68-127 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s budgetary information and compliance; Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Plan Contributions, Schedule of Changes in the Total OPEB Liability and Related Ratios. Required supplementary information can be found on pages 130-144 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 148-194 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			
	2021	2020	2021	2020	2021	2020
Assets:						
Cash and investments	\$ 376.6	\$ 263.2	\$ 95.9	\$ 98.0	\$ 472.5	\$ 361.2
Current and other assets	181.7	173.9	14.9	13.6	196.6	187.5
Capital assets	1,008.2	983.2	142.5	130.6	1,150.7	1,113.8
Total assets	<u>1,566.5</u>	<u>1,420.3</u>	<u>253.3</u>	<u>242.2</u>	<u>1,819.8</u>	<u>1,662.5</u>
Deferred outflows of resources:						
Unamortized loss on bond defeasance	2.9	3.7	0.2	0.2	3.1	3.9
Deferred amounts on pension plans	81.2	68.5	4.4	3.5	85.6	72.0
Deferred amounts on OPEB plan	2.6	2.6	0.4	0.4	3.0	3.0
Total deferred outflows of resources	<u>86.7</u>	<u>74.8</u>	<u>5.0</u>	<u>4.1</u>	<u>91.7</u>	<u>78.9</u>
Liabilities:						
Long-term liabilities	178.3	167.6	14.9	16.0	193.2	183.6
Net pension liability	667.6	633.3	34.9	33.3	702.5	666.6
Total OPEB liability	47.7	45.7	7.5	7.2	55.2	52.9
Other liabilities	171.8	99.3	12.7	11.6	184.5	110.9
Total liabilities	<u>1,065.4</u>	<u>945.9</u>	<u>70.0</u>	<u>68.1</u>	<u>1,135.4</u>	<u>1,014.0</u>
Deferred inflows of resources:						
Deferred amounts on pension plans	-	7.5	-	0.4	-	7.9
Deferred amounts on OPEB plan	3.3	5.0	0.5	0.8	3.8	5.8
Total deferred inflows of resources	<u>3.3</u>	<u>12.5</u>	<u>0.5</u>	<u>1.2</u>	<u>3.8</u>	<u>13.7</u>
Net position:						
Net investment in capital assets	909.6	881.9	129.3	116.9	1,038.9	998.8
Restricted	208.4	189.9	1.8	2.2	210.2	192.1
Unrestricted	(533.5)	(535.1)	56.7	57.9	(476.8)	(477.2)
Total net position	<u>\$ 584.5</u>	<u>\$ 536.7</u>	<u>\$ 187.8</u>	<u>\$ 177.0</u>	<u>\$ 772.3</u>	<u>\$ 713.7</u>

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 64.8	\$ 63.3	\$ 95.1	\$ 96.2	\$ 159.9	\$ 159.5
Operating grants and contributions	126.7	83.4	0.2	0.2	126.9	83.6
Capital grants and contributions	35.5	19.6	2.9	0.2	38.4	19.8
General revenues:						
Property taxes	88.1	85.9	-	-	88.1	85.9
Hotels visitors taxes	4.4	7.7	-	-	4.4	7.7
Utility users taxes	22.7	21.7	-	-	22.7	21.7
Business taxes	34.9	25.4	-	-	34.9	25.4
Franchise taxes	11.8	9.2	-	-	11.8	9.2
Other taxes	1.4	1.2	-	-	1.4	1.2
Intergovernmental, unrestricted:						
Motor vehicle licenses	0.7	0.2	-	-	0.7	0.2
State mandated costs & reimbursements	0.2	0.7	-	-	0.2	0.7
Sales tax shared revenue	57.4	46.7	-	-	57.4	46.7
Sales tax Measure X	75.1	61.8	-	-	75.1	61.8
Investment income (loss)	1.0	3.2	(0.2)	2.6	0.8	5.8
Total revenues	<u>524.7</u>	<u>430.0</u>	<u>98.0</u>	<u>99.2</u>	<u>622.7</u>	<u>529.2</u>
Expenses:						
General government	66.7	49.6	-	-	66.7	49.6
Human resources	2.8	2.4	-	-	2.8	2.4
Finance and management services	11.4	10.2	-	-	11.4	10.2
Museum	1.8	1.8	-	-	1.8	1.8
Library	5.3	4.9	-	-	5.3	4.9
Recreation and community services	30.9	26.7	-	-	30.9	26.7
Police department	166.0	175.7	-	-	166.0	175.7
Fire & Ambulance services	51.3	48.0	-	-	51.3	48.0
Information Technology	0.5	-	-	-	0.5	-
Planning and building	17.9	14.7	-	-	17.9	14.7
Public works	41.6	33.9	-	-	41.6	33.9
Community development	84.7	59.3	-	-	84.7	59.3
Interest on long-term debt	5.3	5.5	-	-	5.3	5.5
Water	-	-	55.9	51.8	55.9	51.8
Parking	-	-	3.5	5.5	3.5	5.5
Sewer	-	-	6.9	7.1	6.9	7.1
Sanitation	-	-	5.2	4.6	5.2	4.6
Refuse collections	-	-	11.9	20.5	11.9	20.5
Transportation center	-	-	1.9	1.5	1.9	1.5
Federal clean water protection	-	-	3.2	3.1	3.2	3.1
Total expenses	<u>486.2</u>	<u>432.7</u>	<u>88.5</u>	<u>94.1</u>	<u>574.7</u>	<u>526.8</u>
Increase in net position before transfers and capital contribution	38.5	(2.7)	9.5	5.1	48.0	2.4
Transfers	(1.3)	6.6	1.3	(6.6)	-	-
Change in net position	<u>37.2</u>	<u>3.9</u>	<u>10.8</u>	<u>(1.5)</u>	<u>48.0</u>	<u>2.4</u>
Net position beginning, as restated	547.3	532.8	177.0	178.5	724.3	711.3
Net position ending	<u>\$ 584.5</u>	<u>\$ 536.7</u>	<u>\$ 187.8</u>	<u>\$ 177.0</u>	<u>\$ 772.3</u>	<u>\$ 713.7</u>

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 \$772.3 million at the close of fiscal year 2020-21 reflecting a positive net position.

The largest portion of the City's net position totaling \$1,038.9 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.

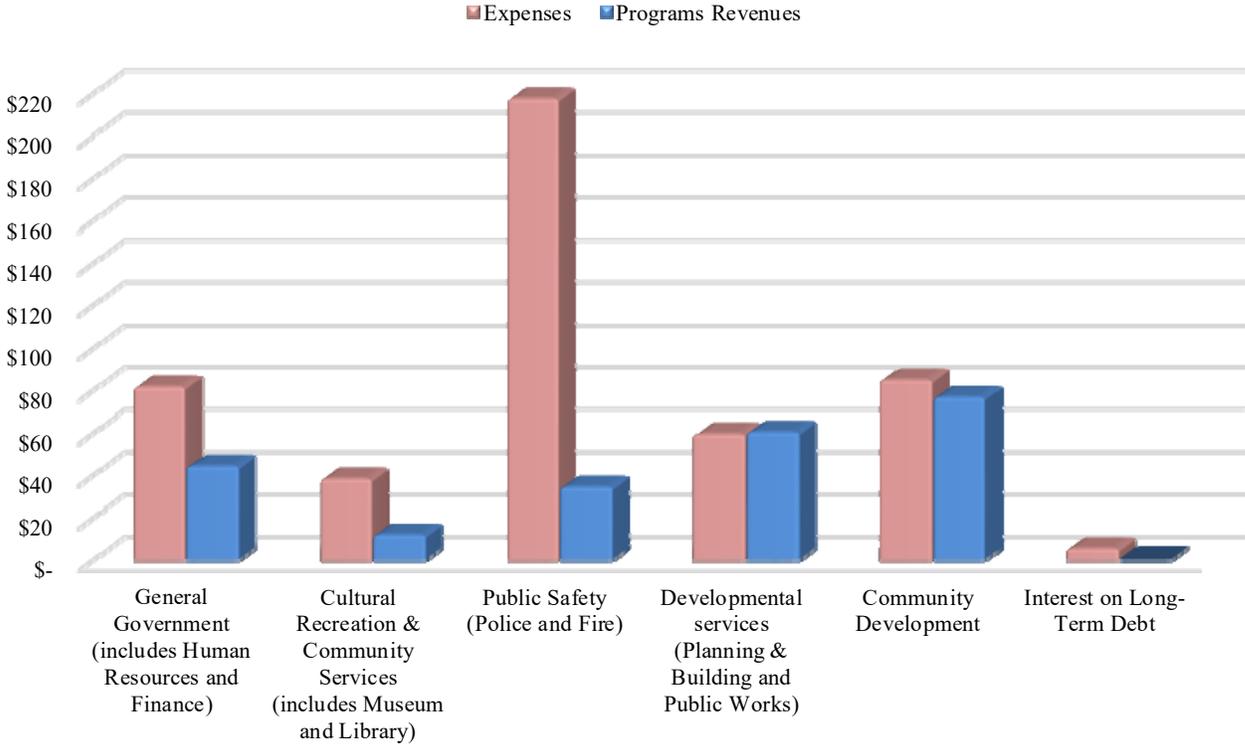
The second largest portion of the City's net position totaling \$210.2 million represents resources that are subject to external restrictions on how they may be used. The remaining portion of the City's net position is unrestricted. Significant liabilities recorded for both the pensions and OPEB with the implementation of GASB 68 and GASB 75 contributed to a negative unrestricted net position of \$ (476.8) million.

Governmental activities. Governmental activities overall increased the City's net position by \$37.2 million compared to the prior fiscal year. The increase is largely because of increase in revenue for Operating Grants & Contributions, Capital Grants & Contributions, Sales Tax, and Business Tax revenues.

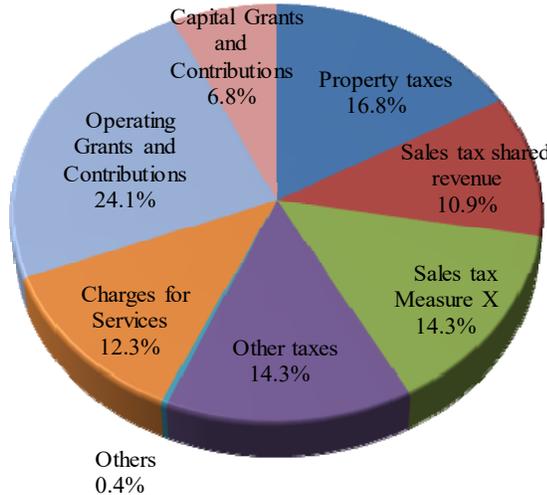
Governmental revenues increased \$94.7 million (22.0%) during the current fiscal year. Key elements related to the increase were \$43.3 million of Operating Grants & Contributions, \$24.0 million for Sales tax shared revenues and Measure X, and \$9.5 Business Taxes, attributable to Adult-use Retail Business Cannabis Tax (Adult-use Retail Cannabis). Operating Grants & Contributions increased by \$43.3 million, mainly due to receipt of federal COVID-19 related grants. Capital grants & contributions increased mostly due to an increase in street construction project reimbursements. Sales tax shared revenue increased from the prior year due to an increase in online sales during the pandemic. Adult-use retail Cannabis continues its strong performance as consumers switch consumption habits from Medical marijuana, which decreased during fiscal year 2020-21.

Governmental activities expenses increased \$53.5 million from the prior fiscal year. The increase is largely due to the \$25.4 million rise in Community Development expenses for various small business and housing assistance programs funded by COVID-19 grant funds. Federal, state, and county funding flowed through Community Development with the intent to assist the community to combat the negative effects caused by the COVID-19 pandemic. There was also an increase of \$17.1 million in the General Government expenses from the prior fiscal year, mainly attributable to changes made in budgeting for the Unfunded Accrued Liability (UAL) costs, which increased general government (non-departmental)'s share of the total cost. The change was made based on an assumption that they 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 Recreation & Community services and Public Works Agency cost centers. Police expenditures decreased by \$9.7 million, primarily due to utilizing \$4.5 million of the CARES Act Funds to pay for safety personnel costs.

Expenses and Program Revenues – Governmental Activities



Revenue by Source – Governmental Activities

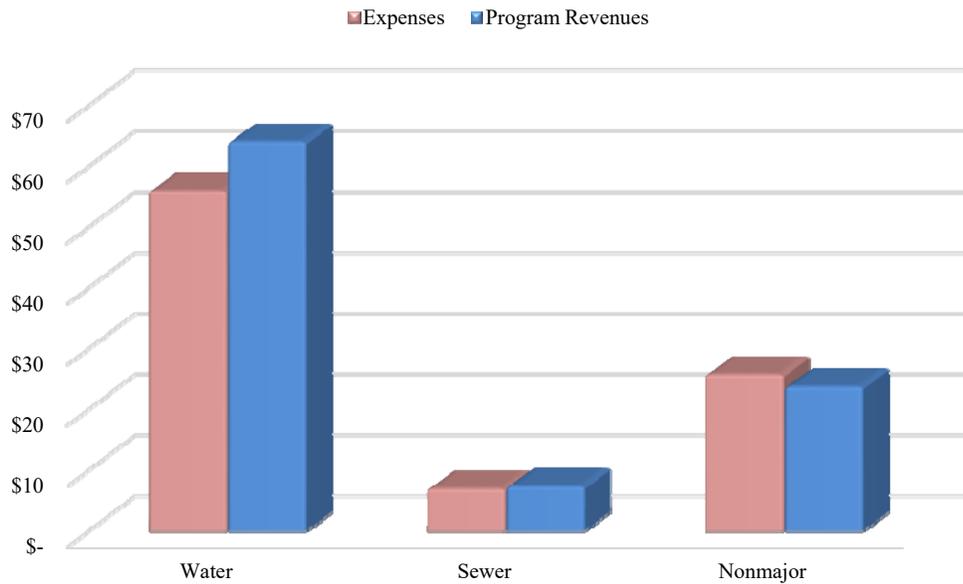


Business-type activities. Business-type activities increased the City’s net position by \$10.8 million in comparison to the previous fiscal year. The increase is mainly due to the following the following:

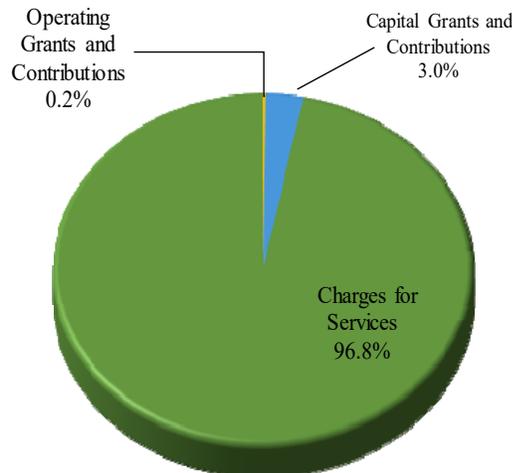
- The Water Fund net position increase by \$6.6 million primarily due to decrease in spending. The reason for the decrease in spending is due to delays in delivery of capital improvement projects.
- The Sewer Fund net position did not have significant change during the current fiscal year.
- The Non-major Refuse Collections Fund net position increased by \$0.5 million due to slight decrease in salaries and contractual expenditures.

- The Non-major Sanitation Fund net position increased by \$0.8 million primarily due to transfers from the Federal Clean Water Protection Fund for street sweeping services.
- The Non-major Federal Clean Water Protection Fund net position increased by \$3.1 million primarily due to capital contribution from governmental fund.
- The \$5.6 million decrease of business-type expenses was primarily due to decrease in expenditures from the Refuse Collections Fund related to Refuse Franchise Fees, which have been reclassified to the General Fund starting from the current 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 \$291.8 million of which \$93.3 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 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) \$26.5 million assigned to both contractual obligations and continuing projects; 2) \$171.7 million is restricted by law or contractual agreements with other agencies for specific spending; and 3) \$0.3 million is for non-spendable items, such as prepaid expenses.

- The Special Revenue Grants' ending fund balance decreased \$0.5 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 fund balance increased \$0.1 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 American Rescue Plan Act fund is a newly identified major fund due to the sizable amount of monies flowing through it. This directly relates to COVID-19 pandemic and is set to support various programs including but not limited to; public health equity, expand critical communication methods, sanitization efforts, emergency response, mental health recovery, and support services for COVID-19 response.
- The Special Revenue Gas Tax fund ending fund balance increased \$5.2 million during the current fiscal year. The increase is due to delay in street improvement projects because of COVID-19.
- The Capital Projects Street Construction fund balance decreased \$2.2 million during the current fiscal year, mainly due to delayed billing. The most notable capital improvement projects are discussed in the government-wide financial analysis of governmental activities.

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 \$1.2 million for a total amount of \$56.7 million. The decrease was mainly attributable to the net effect of a reclassification of Refuse Franchise Fees to the General Fund and increased capital contribution reported in the Federal Clean Water Protection Fund, as previously noted.

General Fund Financial Highlights

The General Fund is the chief operating fund for the City, which is presented as a group of funds. At the end of the current fiscal year, the fund balance of the General Fund was \$133.7 million (\$1.8 million is restricted; \$26.5 million is assigned for various programs and services; and the unassigned amount of \$105.4 million which includes the City's Operating Reserve and the balance available for one-time spending).

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 \$105.4 million, or 32.9% of total fiscal year 2020-21 General Fund expenditures and transfers out.

The General Fund's total revenues increased \$31.9 million as compared to the prior fiscal year primarily due to increases in Sales Tax revenues including Measure X and Business License Tax. During the current fiscal year, Property Taxes increased by \$2.2 million as compared to the prior fiscal year. However, the City noted a decrease in Hotel Visitors Taxes of \$3.3 million.

The General Fund's total expenditures increased \$11.3 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 CalPERS retirement plans. 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 \$5.6 million to \$50.9 million mainly due to a reclassification of UAL costs from department specific budgets to general government (non-departmental).

General Fund Budgetary Highlights

During the year, there was an increase totaling \$15.9 million between the original and final amended budgeted revenues. The amendment was largely a result of \$12.3 million increase in Sales Tax revenues and an increase of \$7.3 million for Adult-use Retail Cannabis revenues, combined with a decrease in estimated revenues of \$1.5 million for Hotel Visitor's tax and a decrease of \$2.8 million for paramedic services charges.

Actual General Fund Revenues were higher than the final budget by \$25.8 million, mostly due to better than anticipated results in Sales Tax, Business Tax, and Adult-use Retail Business Cannabis Tax.

There was an increase of \$14.6 million between the original and final amended budgeted expenditures. The increase was largely due to capital project budget carryover of \$11.1 million from the prior fiscal year.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities was \$1,150.7 million (net of accumulated depreciation) as of June 30, 2021. 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		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land	\$ 20.3	\$ 17.5	\$ 9.3	\$ 9.3	\$ 29.6	\$ 26.8
Right of way	505.1	503.5	-	-	505.1	503.5
Street trees	8.0	8.0	-	-	8.0	8.0
Construction in progress	112.0	113.0	13.7	10.3	125.7	123.3
Buildings	48.2	42.5	0.8	1.0	49.0	43.5
Improvements	58.3	49.5	97.3	89.9	155.6	139.4
Equipment	11.5	11.0	11.0	9.0	22.5	20.0
Infrastructure	243.4	235.9	10.3	11.0	253.7	246.9
Library materials	0.5	0.7	-	-	0.5	0.7
Computer software	0.9	1.6	0.1	0.1	1.0	1.7
Total	\$ 1,008.2	\$ 983.2	\$ 142.5	\$ 130.6	\$ 1,150.7	\$ 1,113.8

At the end of the current fiscal year, the City’s total capital assets increased by \$36.9 million (3.3%). The increase is primarily due to ongoing improvement and infrastructure projects. Highlights of the major projects include the Warner Ave widening, Bristol Street protected bike lanes, Delhi water project and street rehabilitation projects. Additional information on the City’s capital assets can be found in Note 3B on page 85 – 87 of this report.

Long-term debt. At the end of the current fiscal year, the City’s total outstanding long-term liability was \$193.2 million. Of this amount, \$72.9 million comprised of debt backed by the full faith and credit of the City, \$25.3 million represents bonds secured solely by specified revenue sources, and \$13.4 million in capital lease obligations and long-term loans.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Capital lease obligations	\$ 11.5	\$ 2.6	\$ -	\$ -	\$ 11.5	\$ 2.6
Gas tax refunding bonds	40.6	41.9	-	-	40.6	41.9
Lease revenue bonds	12.2	15.9	11.5	12.3	23.7	28.2
Long-term loans and other payables	1.9	1.9	-	-	1.9	1.9
Net Bond discount/premium	8.1	8.5	1.5	1.6	9.6	10.1
Notes from direct borrowings	24.2	29.5	-	-	24.2	29.5
Compensated absences payable	29.0	26.2	1.9	2.1	30.9	28.3
Claims payable	50.8	41.1	-	-	50.8	41.1
Total	\$ 178.3	\$ 167.6	\$ 14.9	\$ 16.0	\$ 193.2	\$ 183.6

At the end of the current fiscal year, Governmental Activities long-term debt increased by \$10.7 million, primarily due to \$9.4 million new capital lease agreement with Dyer 18, LLC. The long-term debt associated with Business-type Activities decreased \$1.1 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 90 through 100.

Economic Factors and Next Year's Budget and Rates

The COVID-19 pandemic has caused business disruption through mandated and voluntary closings of businesses, which had the potential to drastically reduce revenues from sales tax and many other sources on which the City depends to fund important government services. To remain fiscally secure and protect the health and safety of City employees and the public, the City closed several City buildings; instituted an emergency telecommuting policy; implemented alternative methods of service delivery; and reduced part-time staffing. However, due to higher than anticipated increase in tax revenues as noted earlier, the pandemic has not caused significant reduction in major tax revenues for the City.

The fiscal year 2021-22 budget offers a sense of hope and a return to the City's normal operations after the past year of turmoil and financial uncertainty caused by the pandemic. The budget reduces the hiring freeze and adds staff to improve services levels, and restores recreation programs. Furthermore, the City will continue to invest in technology as it seeks new and innovate ways to provide services to its customers. Additional funding for code enforcement, sidewalk and median repairs, and arts and culture events is also included.

A separate but crucial funding source is the federal COVID-19 funding allocations. The City received its first tranche of the SLFRF funds (\$64.2 million) and \$15.8 million in additional funding for emergency housing and rental assistance. These resources will be utilized for a comprehensive pandemic recovery initiative, known as Revive Santa Ana, which will provide short-term and long-term health, financial, education, and other support to Santa Ana residents and businesses.

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. The City has consistently taken steps to mitigate the impacts of increases in pension costs including pre-paying the annual UAL and establishing a trust account to pre-fund the liability. In addition, the City issued a pension obligation bond in September 2021 to help reduce future pension contributions. Additional information about the City's pension plans can be found in Note 4 E and F on pages 108 through 120.

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 balancing demands to increase service levels, employee compensation including health care and pension costs, addressing its deferred maintenance needs, and maintaining the health of its internal service operations. As part of the City's emphasis on future economic development efforts to strengthen the City's revenue base, the City will explore additional 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, 2021 are as follows:

<u>Account Name</u>	<u>Amount</u>
• Operating Reserve	\$ 63.1 million
• Unallocated (available for one-time spending)	\$ 42.3 million

The funding of the above-referenced accounts provides the Mayor and City Council a tool to invest in the City through economic development or improvements to public facilities. Additionally, the City maintains an unassigned fund balance available for potential future appropriation and/or address 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
Annual
Comprehensive Financial
Report

CITY OF SANTA ANA, CALIFORNIA

Basic Financial Statements

CITY OF SANTA ANA, CALIFORNIA

Government - wide Financial Statements

Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 363,814,180	\$ 94,995,156	\$ 458,809,336
Receivables:			
Taxes	6,024,888	-	6,024,888
Interest	484,892	142,671	627,563
Accounts, net of allowances	8,729,716	16,451,494	25,181,210
Intergovernmental	69,021,125	82,199	69,103,324
Loans and notes	86,957,071	-	86,957,071
Internal balances	1,750,660	(1,750,660)	-
Inventory of supplies	839,381	-	839,381
Prepaid items	267,325	-	267,325
Restricted assets:			
Cash and investments	9,076,336	952,760	10,029,096
Cash and investments with fiscal agents	3,146,600	-	3,146,600
Pension stability fund	521,499	-	521,499
Land held for resale	7,644,992	-	7,644,992
Capital assets, not being depreciated	645,404,096	22,958,984	668,363,080
Capital assets, being depreciated, net of accumulated depreciation	362,819,981	119,524,090	482,344,071
Total assets	<u>1,566,502,742</u>	<u>253,356,694</u>	<u>1,819,859,436</u>
Deferred outflows of resources:			
Unamortized loss on bond defeasance	2,921,024	187,066	3,108,090
Deferred amounts on pension plans	81,198,926	4,411,631	85,610,557
Deferred amounts on OPEB plan	2,619,231	414,726	3,033,957
Total deferred outflows of resources	<u>86,739,181</u>	<u>5,013,423</u>	<u>91,752,604</u>
Liabilities:			
Accounts payable	14,599,824	10,910,191	25,510,015
Interest payable	286,908	183,608	470,516
Retention payable	967,035	458,070	1,425,105
Due to city employees	5,986,494	-	5,986,494
Due to other governmental agencies	58,148,520	-	58,148,520
Deposits	6,169,813	1,109,430	7,279,243
Unearned revenue	85,658,712	-	85,658,712
Long-term liabilities- due within one year	19,143,766	1,304,103	20,447,869
Total OPEB liability- due within one year	1,341,473	276,615	1,618,088
Claims payable- due within one year	11,940,000	-	11,940,000
Due in more than one year:			
Long-term liabilities	108,413,888	13,612,465	122,026,353
Net pension liability	667,587,588	34,857,150	702,444,738
Total OPEB liability	46,322,385	7,270,431	53,592,816
Claims payable	38,834,878	-	38,834,878
Total liabilities	<u>1,065,401,284</u>	<u>69,982,063</u>	<u>1,135,383,347</u>
Deferred inflows of resources:			
Deferred amounts on OPEB plan	3,367,315	533,179	3,900,494
Total deferred inflows of resources	<u>3,367,315</u>	<u>533,179</u>	<u>3,900,494</u>
Net Position:			
Net investment in capital assets	909,572,673	129,340,758	1,038,913,431
Restricted for:			
Debt service	79,950	-	79,950
Capital projects	52,445,133	-	52,445,133
National pollution discharge elimination system	-	1,857,385	1,857,385
Community Development	6,270,121	-	6,270,121
Community Services & Planning	156,639	-	156,639
Recreation & Community Services	2,642,125	-	2,642,125
Public Safety	4,452,589	-	4,452,589
Public Works	109,799,923	-	109,799,923
Special revenue housing authority projects	31,987,923	-	31,987,923
Pension stability	521,499	-	521,499
Unrestricted	(533,455,251)	56,656,732	(476,798,519)
Total net position	<u>\$ 584,473,324</u>	<u>\$ 187,854,875</u>	<u>\$ 772,328,199</u>

See accompanying Notes to the Basic Financial Statements.

Statement of Activities
Year ended June 30, 2021

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 66,678,027	7,167,186	28,915,631	4,448,341
Human resources	2,802,921			
Finance and management services	11,373,365	1,002,779	2,554,274	-
Museum	1,850,536	-	-	-
Library	5,320,355	2,015	67,647	-
Recreation and community services	30,916,442	6,519,926	4,681,215	673,175
Police department	165,991,869	22,997,688	4,268,286	-
Fire & ambulance services	51,328,519	6,916,679	-	-
Information Technology	530,663			
Planning and building	17,889,690	12,702,051	187,802	-
Public works	41,549,128	6,649,345	14,413,728	26,380,891
Community development	84,728,844	874,068	71,659,482	3,989,496
Interest on long-term debt	5,247,175	-	-	-
Total governmental activities	\$ 486,207,534	64,831,737	126,748,065	35,491,903
Business-type activities:				
Water	55,861,104	64,044,621	-	-
Sewer	6,914,949	7,349,287	-	-
Refuse collections	11,914,535	13,211,032	196,560	-
Sanitation	5,193,504	5,745,519	-	-
Parking	3,466,797	3,288,621	-	-
Transportation center	1,923,396	464,129	-	-
Federal clean water protection	3,179,394	964,445	-	2,900,452
Total business-type activities	88,453,679	95,067,654	196,560	2,900,452
Total	\$ 574,661,213	159,899,391	126,944,625	38,392,355
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				
Sales tax Measure X				
Investment income (loss)				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

See accompanying Notes to the Basic Financial Statements.

STATEMENT OF ACTIVITIES

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (26,146,869)	\$ -	\$ (26,146,869)
(2,802,921)	-	(2,802,921)
(7,816,312)	-	(7,816,312)
(1,850,536)	-	(1,850,536)
(5,250,693)	-	(5,250,693)
(19,042,126)	-	(19,042,126)
(138,725,895)	-	(138,725,895)
(44,411,840)	-	(44,411,840)
(530,663)	-	(530,663)
(4,999,837)	-	(4,999,837)
5,894,836	-	5,894,836
(8,205,798)	-	(8,205,798)
(5,247,175)	-	(5,247,175)
<u>\$ (259,135,829)</u>	<u>\$ -</u>	<u>\$ (259,135,829)</u>
-	8,183,517	8,183,517
-	434,338	434,338
-	1,493,057	1,493,057
-	552,015	552,015
-	(178,176)	(178,176)
-	(1,459,267)	(1,459,267)
-	685,503	685,503
-	<u>9,710,987</u>	<u>9,710,987</u>
<u>\$ (259,135,829)</u>	<u>\$ 9,710,987</u>	<u>\$ (249,424,842)</u>
88,053,800	-	88,053,800
4,349,952	-	4,349,952
22,651,431	-	22,651,431
34,918,445	-	34,918,445
11,832,772	-	11,832,772
1,400,471	-	1,400,471
671,607	-	671,607
245,739	-	245,739
57,439,721	-	57,439,721
75,094,336	-	75,094,336
1,014,179	(143,666)	870,513
(1,334,330)	1,334,330	-
<u>296,338,123</u>	<u>1,190,664</u>	<u>297,528,787</u>
37,202,294	10,901,651	48,103,945
<u>547,271,030</u>	<u>176,953,224</u>	<u>724,224,254</u>
<u>\$ 584,473,324</u>	<u>\$ 187,854,875</u>	<u>\$ 772,328,199</u>



CITY OF SANTA ANA, CALIFORNIA
Annual
Comprehensive 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 receipts and disbursements 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.

American Rescue Plan Act Fund accounts for the receipts and disbursements of funds received from the U.S. Department of the Treasury to respond to the economic and public health impacts of COVID-19 and contain impacts on communities, residents, and businesses.

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 Project Fund has been classified as major fund in the accompanying financial statements:

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.

Nonmajor Governmental Funds

Other Governmental Funds - These funds constitute all other governmental funds that do not meet the major 10% tests of assets, liabilities, deferred inflows of resources, 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, a Debt Service Funds, and several Capital Projects Funds.

CITY OF SANTA ANA

**Balance Sheet
Governmental Funds
June 30, 2021**

	General	Special Revenue Grants	Special Revenue Housing Authority
Assets			
Cash and investments	\$ 113,730,054	\$ 22,902,104	\$ 5,106,051
Receivables, net of allowances:			
Taxes	6,024,888	-	-
Interest	170,891	40,454	4,025
Accounts	5,379,121	2,984,114	8,945
Intergovernmental	26,551,944	4,329,936	730,869
Loans and notes	-	58,012,071	-
Prepaid items	-	246,642	20,683
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	1,343,110	3,249	752,300
Pension stability funds	521,499	-	-
Land held for resale	-	-	-
Total assets	<u>153,721,507</u>	<u>88,518,570</u>	<u>6,622,873</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities:			
Accounts payable	4,354,510	4,234,617	93,802
Interest payable	17,347	-	-
Retention payable	133,994	62,821	-
Due to other funds	-	-	-
Due to City employees	5,986,494	-	-
Due to other governmental agencies	991,023	56,997,140	-
Unearned revenue	1,868,074	19,202,513	196,202
Deposits	5,416,863	-	752,300
Advances payable to other funds	1,168,000	-	-
Total liabilities	<u>19,936,305</u>	<u>80,497,091</u>	<u>1,042,304</u>
Deferred inflows of resources:			
Unavailable revenues	<u>62,541</u>	<u>2,203,962</u>	<u>693,850</u>
Fund balances:			
Nonspendable	-	246,642	20,683
Restricted	1,790,369	7,685,157	4,866,036
Assigned	26,558,796	-	-
Unassigned	105,373,496	(2,114,282)	-
Total fund balances	<u>133,722,661</u>	<u>5,817,517</u>	<u>4,886,719</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 153,721,507</u>	<u>\$ 88,518,570</u>	<u>\$ 6,622,873</u>

See accompanying Notes to the Basic Financial Statements.

GOVERNMENTAL FUNDS

Special Revenue American Rescue Plan Act	Special Revenue Gas Tax	Capital Projects Street Construction	Nonmajor Governmental Funds	Total
\$ 63,920,710	\$ 26,820,199	\$ 32,469,226	\$ 52,329,496	\$ 317,277,840
-	-	-	-	6,024,888
21,235	37,529	54,549	78,328	407,011
-	-	266,943	90,593	8,729,716
-	1,938,460	24,882,175	10,587,741	69,021,125
-	-	-	28,945,000	86,957,071
-	-	-	-	267,325
-	-	6,112,713	2,640,812	8,753,525
-	-	1,041,525	6,416	3,146,600
-	-	-	-	521,499
-	-	7,569,992	75,000	7,644,992
<u>63,941,945</u>	<u>28,796,188</u>	<u>72,397,123</u>	<u>94,753,386</u>	<u>508,751,592</u>
-	477,420	2,299,050	1,839,239	13,298,638
-	-	-	-	17,347
-	-	258,197	512,023	967,035
-	-	-	8,650,207	8,650,207
-	-	-	-	5,986,494
-	-	160,357	-	58,148,520
63,915,407	-	388,112	88,404	85,658,712
-	-	650	-	6,169,813
-	-	-	-	1,168,000
<u>63,915,407</u>	<u>477,420</u>	<u>3,106,366</u>	<u>11,089,873</u>	<u>180,064,766</u>
-	13,101	23,890,730	9,984,991	36,849,175
-	-	-	-	267,325
26,538	28,305,667	45,400,027	83,654,632	171,728,426
-	-	-	-	26,558,796
-	-	-	(9,976,110)	93,283,104
<u>26,538</u>	<u>28,305,667</u>	<u>45,400,027</u>	<u>73,678,522</u>	<u>291,837,651</u>
\$ <u>63,941,945</u>	\$ <u>28,796,188</u>	\$ <u>72,397,123</u>	\$ <u>94,753,386</u>	\$ <u>508,751,592</u>



CITY OF SANTA ANA, CALIFORNIA
Annual
Comprehensive Financial
Report

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021**

Fund balances of governmental funds	\$ 291,837,651	
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 \$4,449,627 which are reported below.		
Capital assets	1,496,569,431	
Accumulated depreciation	(492,794,981)	
Total capital assets used in governmental activities	<u>1,003,774,450</u>	1,003,774,450
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	(11,488,671)	
Revenue refunding bond	(40,590,000)	
Lease revenue bonds	(12,272,500)	
Notes from direct borrowings	(24,188,635)	
Long-term loans & other payables	(1,901,664)	
Compensated absences payable	(26,236,800)	
Bond premium	(8,104,480)	
Unamortized loss on bond defeasance	2,921,024	
Total governmental activities long-term debt	<u>(121,861,726)</u>	(121,861,726)
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	74,476,765	
Net pension liability	<u>(611,977,461)</u>	(537,500,696)
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	2,123,541	
Deferred inflows of resources from OPEB	(2,730,052)	
Total OPEB liability	<u>(38,643,488)</u>	(39,249,999)
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.		(269,561)
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental fund.		36,849,175
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>(49,105,970)</u>
Net position of governmental activities	\$	<u><u>584,473,324</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, 2021

	General	Special Revenue Grants	Special Revenue Housing Authority
Revenues:			
Taxes	\$ 163,206,871	-	-
License and permits	6,116,269	-	-
Intergovernmental	133,612,227	63,425,620	43,292,036
Charges for services	15,803,279	6,239	-
Fines and forfeits	5,124,784	-	-
Investment income	724,101	357,406	23,875
Cost recoveries	12,307,176	303	30,499
Rental income	18,020,915	459,463	-
Miscellaneous	196,662	549,092	77,255
Total revenues	<u>355,112,284</u>	<u>64,798,123</u>	<u>43,423,665</u>
Expenditures:			
Current:			
General government	50,935,559	9,914,036	-
Human resources	2,514,296	-	-
Finance and management services	8,787,670	1,477,423	-
Museum	1,472,977	-	-
Library	4,761,794	69,719	-
Recreation and community services	21,966,072	1,171,058	-
Police department	132,940,555	7,343,866	-
Fire & ambulance services	46,608,405	2,810,998	-
Information technology	-	514,228	-
Planning and building	15,441,578	1,540,157	-
Public works	14,064,157	1,378,226	-
Community development	3,564,649	31,361,059	43,282,315
Pass-through payments to districts and other agencies	-	303,448	-
Capital Outlay	3,237,473	16,666,077	-
Debt Service:			
Principal	1,607,197	138,374	-
Interest and fiscal charges	459,373	108,290	-
Total expenditures	<u>308,361,755</u>	<u>74,796,959</u>	<u>43,282,315</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,750,529</u>	<u>(9,998,836)</u>	<u>141,350</u>
Other financing sources (uses):			
Transfers in	32,779	-	-
Transfers out	(11,590,656)	-	-
Sales of capital assets	500,000	61,322	-
Capital lease agreement	-	9,403,619	-
Issuance of debt	354,258	-	-
Total other financing sources (uses)	<u>(10,703,619)</u>	<u>9,464,941</u>	<u>-</u>
Net change in fund balances	36,046,910	(533,895)	141,350
Fund balances - beginning, as restated	97,675,751	6,351,412	4,745,369
Fund balances - ending	<u>\$ 133,722,661</u>	<u>5,817,517</u>	<u>4,886,719</u>

See accompanying Notes to the Basic Financial Statements.

GOVERNMENTAL FUNDS

Special Revenue American Rescue Plan Act	Special Revenue Gas Tax	Capital Projects Street Construction	Nonmajor Governmental Funds	Total
-	-	2,019,847	197,646	\$ 165,424,364
-	-	15,389	-	6,131,658
265,000	13,686,111	11,587,411	10,665,782	276,534,187
-	-	517,860	1,026,125	17,353,503
-	-	-	-	5,124,784
26,538	197,538	119,206	567,739	2,016,403
-	-	816,134	5,292,731	18,446,843
-	-	147,739	-	18,628,117
-	-	169,518	3,714,528	4,707,055
<u>291,538</u>	<u>13,883,649</u>	<u>15,393,104</u>	<u>21,464,551</u>	<u>514,366,914</u>
-	-	-	-	60,849,595
-	-	-	43,587	2,557,883
265,000	-	-	-	10,530,093
-	-	-	-	1,472,977
-	-	-	-	4,831,513
-	-	-	3,730,547	26,867,677
-	-	-	1,836,391	142,120,812
-	-	-	-	49,419,403
-	-	-	-	514,228
-	-	-	143,074	17,124,809
-	3,756,797	9,650,161	9,776	28,859,117
-	-	-	3,403,100	81,611,123
-	-	-	-	303,448
-	-	9,806,331	15,421,227	45,131,108
-	1,295,000	-	8,060,000	11,100,571
-	1,951,200	-	1,722,439	4,241,302
<u>265,000</u>	<u>7,002,997</u>	<u>19,456,492</u>	<u>34,370,141</u>	<u>487,535,659</u>
<u>26,538</u>	<u>6,880,652</u>	<u>(4,063,388)</u>	<u>(12,905,590)</u>	<u>26,831,255</u>
-	-	1,843,351	10,302,846	12,178,976
-	(1,702,800)	-	-	(13,293,456)
-	-	-	-	561,322
-	-	-	-	9,403,619
-	-	-	-	354,258
<u>-</u>	<u>(1,702,800)</u>	<u>1,843,351</u>	<u>10,302,846</u>	<u>9,204,719</u>
26,538	5,177,852	(2,220,037)	(2,602,744)	36,035,974
-	23,127,815	47,620,064	76,281,266	255,801,677
<u>26,538</u>	<u>28,305,667</u>	<u>45,400,027</u>	<u>73,678,522</u>	<u>\$ 291,837,651</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, 2021**

Net change in fund balances-total governmental funds \$ 36,035,974

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period. This does not include internal service fund activity of \$1,303,241 in additions, \$5,029,433 in deletions, and \$1,538,157 in depreciation expense.

Capital outlay	45,131,108	
Depreciation expense	(24,924,275)	
Capital contributions & adjustments	8,929,795	
Loss on disposal of capital assets	<u>(3,889,270)</u>	25,247,358

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund. 5,026,269

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:		
Capital lease obligations	542,982	
Revenue refunding bond	1,295,000	
Lease revenue bonds	3,620,000	
Notes from direct borrowings	5,291,795	
Long-term loans & other payables	<u>350,794</u>	
Total principal repayments		11,100,571
Proceeds from capital lease agreement		(9,403,619)
Proceeds from Loans		(354,258)
Amortization of bond premium and discount		438,080
Amortization of deferred charges on refunding		(823,775)
Net change in compensated absences		<u>(2,257,305)</u>
		(1,300,306)

Accrued interest for long term liabilities including bonds payable. This is the net change in accrued interest for the current period. 32,120

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. (13,783,563)

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. (227,354)

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. (13,828,204)

Change in net position of governmental activities \$ 37,202,294

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.

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

CITY OF SANTA ANA

Statement of Net Position
Proprietary Funds
June 30, 2021

	Water	Sewer
Assets:		
Current assets:		
Cash and investments	\$ 48,030,056	29,739,324
Receivables:		
Interest	72,911	43,935
Accounts, net of allowances	11,178,658	1,340,575
Intergovernmental	-	-
Due from other funds	-	-
Inventory of supplies	-	-
Total current assets	<u>59,281,625</u>	<u>31,123,834</u>
Noncurrent assets:		
Advances to other funds	-	-
Restricted cash and investments	952,760	-
Capital assets:		
Land	1,902,757	-
Buildings	223,583	-
Improvements other than buildings	146,751,208	42,458,076
Equipment	16,220,351	2,906,787
Parking structures	-	-
Construction in progress	9,336,600	3,341,174
Computer software	278,589	-
Less accumulated depreciation	(84,218,575)	(26,662,033)
Total noncurrent assets	<u>91,447,273</u>	<u>22,044,004</u>
Total assets	<u>150,728,898</u>	<u>53,167,838</u>
Deferred outflows of resources:		
Unamortized loss on bond defeasance	187,066	-
Deferred amounts on pension plans	1,786,304	744,333
Deferred amounts on OPEB plan	167,534	63,280
Total deferred outflow of resources	<u>2,140,904</u>	<u>807,613</u>
Liabilities:		
Current liabilities:		
Accounts payable	9,168,538	1,233,572
Retention payable	278,960	138,188
Due to other funds	-	-
Compensated absences payable	258,351	82,859
Total OPEB liability	111,743	42,206
Interest payable	183,608	-
Deposits payable	1,098,430	-
Claims payable	-	-
Revenue bonds payable	820,000	-
Total current liabilities	<u>11,919,630</u>	<u>1,496,825</u>
Noncurrent liabilities:		
Compensated absences payable	775,054	248,576
Claims payable	-	-
Net pension liability	14,113,975	5,881,061
Total OPEB liability	2,937,015	1,109,336
Revenue bonds payable	12,160,157	-
Total noncurrent liabilities	<u>29,986,201</u>	<u>7,238,973</u>
Total liabilities	<u>41,905,831</u>	<u>8,735,798</u>
Deferred inflows of resources:		
Deferred amounts on OPEB plan	215,386	81,353
Total deferred inflows of resources	<u>215,386</u>	<u>81,353</u>
Net position:		
Net investment in capital assets	77,531,307	21,905,816
Restricted for :		
Employee benefits	-	-
National pollution discharge elimination system	-	-
Unrestricted	33,217,278	23,252,484
Total net position (deficit)	<u>\$ 110,748,585</u>	<u>45,158,300</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

	Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
	Nonmajor	Total	
17,225,776	\$	94,995,156	\$ 46,536,340
25,825		142,671	77,881
3,932,261		16,451,494	-
82,199		82,199	-
-		-	10,840,147
-		-	839,381
<u>21,266,061</u>		<u>111,671,520</u>	<u>58,293,749</u>
-		-	1,168,000
-		952,760	322,811
7,383,540		9,286,297	-
8,607,909		8,831,492	249,590
12,117,176		201,326,460	859,017
2,550,492		21,677,630	17,247,201
22,701,415		22,701,415	-
994,913		13,672,687	567,889
-		278,589	6,493,843
<u>(24,410,888)</u>		<u>(135,291,496)</u>	<u>(20,967,913)</u>
<u>29,944,557</u>		<u>143,435,834</u>	<u>5,940,438</u>
<u>51,210,618</u>		<u>255,107,354</u>	<u>64,234,187</u>
-		187,066	-
1,880,994		4,411,631	6,722,161
183,912		414,726	495,690
<u>2,064,906</u>		<u>5,013,423</u>	<u>7,217,851</u>
508,081		10,910,191	1,301,186
40,922		458,070	-
1,750,660		1,750,660	439,280
142,893		484,103	693,726
122,666		276,615	330,613
-		183,608	-
11,000		1,109,430	-
-		-	11,940,000
-		820,000	-
<u>2,576,222</u>		<u>15,992,677</u>	<u>14,704,805</u>
428,678		1,452,308	2,081,178
-		-	38,834,878
14,862,114		34,857,150	55,610,127
3,224,080		7,270,431	8,689,757
-		12,160,157	-
<u>18,514,872</u>		<u>55,740,046</u>	<u>105,215,940</u>
<u>21,091,094</u>		<u>71,732,723</u>	<u>119,920,745</u>
236,440		533,179	637,263
<u>236,440</u>		<u>533,179</u>	<u>637,263</u>
29,903,635		129,340,758	4,449,627
-		-	322,811
1,857,385		1,857,385	-
186,970		56,656,732	(53,878,408)
<u>31,947,990</u>	\$	<u>187,854,875</u>	\$ <u>(49,105,970)</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2021

	Water	Sewer
Operating revenues:		
Charges for services	\$ 63,513,177	7,349,287
Miscellaneous	531,444	-
Total operating revenues	<u>64,044,621</u>	<u>7,349,287</u>
Operating expenses:		
Personnel services	7,051,066	2,321,323
Contractual services	24,289,548	1,664,561
Materials and supplies	11,526,983	750,748
Administrative charges	9,382,529	1,456,541
Insurance	-	-
Provision for self-insured losses	-	-
Depreciation	2,918,335	721,776
Total operating expenses	<u>55,168,461</u>	<u>6,914,949</u>
Operating income (loss)	<u>8,876,160</u>	<u>434,338</u>
Nonoperating revenues (expenses):		
Intergovernmental	-	-
Net decrease in the fair value of investment	(600,240)	(323,313)
Investment earnings	384,332	243,230
Interest expense	(470,747)	-
Loss on disposal of capital assets	(221,896)	-
Total nonoperating revenues (expenses)	<u>(908,551)</u>	<u>(80,083)</u>
Income (loss) before transfers and capital contributions	<u>7,967,609</u>	<u>354,255</u>
Capital contributions	-	-
Transfers in	-	-
Transfers out	(1,361,518)	(348,080)
Change in net position	<u>6,606,091</u>	<u>6,175</u>
Net position (deficit) - beginning	<u>104,142,494</u>	<u>45,152,125</u>
Net position (deficit) - ending	<u>\$ 110,748,585</u>	<u>45,158,300</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

Nonmajor	Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
	Total		
23,130,384	\$	93,992,848	\$
543,362		1,074,806	81,159,305
23,673,746		95,067,654	320,081
3,833,868		13,206,257	81,479,386
16,673,681		42,627,790	17,616,786
278,698		12,556,429	9,350,341
3,259,916		14,098,986	3,813,149
-		-	15,121,138
-		-	29,099,265
1,144,371		4,784,482	18,580,001
25,190,534		87,273,944	1,538,157
(1,516,788)		7,793,710	95,118,837
196,560		196,560	(13,639,451)
-		(923,553)	-
152,325		779,887	(647,127)
-		(470,747)	382,785
(487,092)		(708,988)	-
(138,207)		(1,126,841)	295,439
(1,654,995)		6,666,869	31,097
2,900,452		2,900,452	(13,608,354)
4,281,695		4,281,695	-
(1,237,767)		(2,947,365)	(219,850)
4,289,385		10,901,651	(13,828,204)
27,658,605		176,953,224	(35,277,766)
31,947,990	\$	187,854,875	\$
			(49,105,970)

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2021

	Water	Sewer
Cash flows from operating activities:		
Receipts from customers	\$ 61,989,756	7,250,505
Receipts from interfund services provided	-	-
Receipts from other operating sources	531,444	-
Payments to suppliers for goods and services	(44,453,280)	(2,731,405)
Payments from interfund services used	-	-
Payments to employees	(6,804,724)	(2,242,510)
	<u>11,263,196</u>	<u>2,276,590</u>
Net cash provided (used) by operating activities		
Cash flows from noncapital financing activities:		
Intergovernment contribution	-	-
Transfer in	-	-
Transfer out	(1,361,518)	(348,080)
Receipt of Interfund balances	-	-
Payment of Interfund balances	-	-
	<u>(1,361,518)</u>	<u>(348,080)</u>
Net cash provided (used) by noncapital financing activities		
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(8,298,853)	(3,750,675)
Proceeds from sale of capital assets	221,896	-
Retirement of long-term liabilities	(785,000)	-
Interest paid	(570,451)	-
	<u>(9,432,408)</u>	<u>(3,750,675)</u>
Net cash used by capital and related financing activities		
Cash flows from investing activities:		
Interest received	454,926	294,007
Net decrease in the fair value of investment	(600,240)	(323,313)
	<u>(145,314)</u>	<u>(29,306)</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	323,956	(1,851,471)
Cash and cash equivalents - beginning	<u>48,658,860</u>	<u>31,590,795</u>
Cash and cash equivalents - ending (Includes restricted assets)	<u>\$ 48,982,816</u>	<u>29,739,324</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

Page 2 of 4

Nonmajor	Business -Type Activities- Enterprise Funds	Governmental Activities- Internal Service Funds
	Totals	
23,394,909 \$	92,635,170 \$	-
-	-	81,159,305
484,055	1,015,499	326,657
(20,672,206)	(67,856,891)	(60,194,847)
-	-	(4,123,673)
(4,062,725)	(13,109,959)	(22,589,372)
(855,967)	12,683,819	(5,421,930)
196,560	196,560	-
4,281,695	4,281,695	-
(1,237,767)	(2,947,365)	(219,850)
-	-	591,149
(61,885)	(61,885)	-
3,178,603	1,469,005	371,299
(2,996,801)	(15,046,329)	(1,291,545)
-	221,896	328,529
-	(785,000)	-
-	(570,451)	-
(2,996,801)	(16,179,884)	(963,016)
180,619	929,552	446,710
-	(923,553)	(647,127)
180,619	5,999	(200,417)
(493,546)	(2,021,061)	(6,214,064)
17,719,322	97,968,977	53,073,215
17,225,776 \$	95,947,916 \$	46,859,151

Continued

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2021

	Water	Sewer
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 8,876,160	434,338
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	2,918,335	721,776
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(1,516,966)	(98,782)
Decrease (increase) in inventory of supplies	-	-
Decrease (increase) in deferred outflows from pension	(369,645)	(154,028)
Decrease (increase) in deferred outflows from OPEB	(4,481)	(1,692)
Increase (decrease) in accounts payable	542,994	1,140,445
Increase (decrease) in compensated absences payable	127,030	29,798
Increase (decrease) in deposits payable	(6,455)	-
Increase (decrease) in retention payable	202,786	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in net pension liability	644,184	268,421
Increase (decrease) in total OPEB liability	125,687	47,473
Increase (decrease) in deferred inflows from pension	(173,219)	(72,174)
Increase (decrease) in deferred inflows from OPEB	(103,214)	(38,985)
Net cash provided (used) by operating activities	<u>\$ 11,263,196</u>	<u>2,276,590</u>
Decrease in fair value of investments	(600,240)	(323,313)
Amortization of premium & unamortized loss on bond defeasance	<u>(86,620)</u>	<u>-</u>

See accompanying Notes to the Basic Financial Statements.

Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Nonmajor	Total	
(1,516,788) \$	7,793,710 \$	(13,639,451)
1,144,371	4,784,482	1,538,157
264,525	(1,351,223)	(3,966,770)
-	-	121,462
(389,237)	(912,910)	(1,390,632)
(4,921)	(11,094)	(60,526)
(425,950)	1,257,489	(80,749)
(358,503)	(201,675)	548,654
-	(6,455)	-
(11,217)	191,569	-
-	-	9,654,993
678,330	1,590,935	2,390,314
137,973	311,133	371,872
(182,410)	(427,803)	(651,142)
(113,303)	(255,502)	(258,112)
<u>(855,967) \$</u>	<u>12,683,819 \$</u>	<u>(5,421,930)</u>
-	(923,553)	(647,127)
<u>- \$</u>	<u>(86,620) \$</u>	<u>-</u>

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and investments	\$ 6,116,632	\$ 2,721,821
Restricted assets:		
Cash and investments with fiscal agents	11,768	105,348
Receivables, net of allowances:		
Accounts	17,344	-
Interest	8,802	180
Taxes	-	1,452
Land held for redevelopment	86,200	-
Total assets	<u>6,240,746</u>	<u>2,828,801</u>
Deferred outflows of resources:		
Unamortized loss on bond defeasance	3,550,910	
Deferred amounts on pension plans	109,837	
Deferred amounts on OPEB plan	10,428	
Total deferred outflows of resources	<u>3,671,175</u>	
Liabilities		
Accounts payable	323	260,236
Interest payable	895,053	-
Deposits payable	-	1,421,868
Due to governmental agencies	-	716,129
Due to bondholders	-	327,981
Long-term liabilities - Due within one year	3,860,000	-
Total OPEB liability - Due within one year	6,958	-
Due in more than one year:		
Long-term liabilities	66,652,189	-
Net pension liability	867,809	-
Total OPEB liability	182,872	-
Total liabilities	<u>72,465,204</u>	<u>2,726,214</u>
Deferred inflows of resources:		
Deferred amounts on pension plans	-	
Deferred amounts on OPEB plan	13,409	
	<u>13,409</u>	
Net position (deficit)		
Held in trust for other purposes	(62,566,692)	-
Individuals, organizations, and other governments	-	102,587
Total net position	<u>\$ (62,566,692)</u>	<u>\$ 102,587</u>

See accompanying Notes to the Basic Financial Statements.



CITY OF SANTA ANA, CALIFORNIA
Annual
Comprehensive 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, 2021

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, 2021

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, proprietary, fiduciary private purpose trust and custodial funds financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

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, 2021

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 American Rescue Plan Act Fund. This fund accounts for the receipt and disbursement of funds received from the U.S. Department of the Treasury to respond to the economic and public health impacts of COVID-19 pandemic.

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 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.

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.

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.

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.

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

For the Year Ended June 30, 2021

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

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

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).

Custodial Funds. These funds account for those assets for which the City acts solely in a custodial capacity. These funds include collection of taxes and fees imposed by and distributed to localities, deposits, and other miscellaneous accounts.

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, 2021

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, 2021

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, 2021

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. 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.

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

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

For the Year Ended June 30, 2021

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

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

position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue/contra expense) until that time. The City has the following items that qualify for reporting in this category:

- Unavailable revenues reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues that are not collected during the “availability period”. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Major sources of unavailable revenues are intergovernmental revenues for grants and cost recoveries.
- Changes of assumptions and 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, 2021.

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, 2021

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, 2021, 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, 2021

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

E New Accounting Pronouncements

Current Year Standards

In fiscal year ended June 30, 2021, the City adopted the following accounting standards.

- GASB Statement No. 84, *Fiduciary Activities* became effective for fiscal years beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City has implemented this Statement.
- GASB Statement No. 98 – *The Annual Comprehensive Financial Report*, effective for periods ending after December 15, 2021. This statement establishes the term *annual comprehensive financial report* and its acronym ACFR. The City has early implemented this Statement.

Pending Accounting Standards

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

- 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 2021*, 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.
- 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.

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

For the Year Ended June 30, 2021

NOTE 2. FUND DEFICITS

At June 30, 2021, the deficits of \$0.3 million in the Non-major Civic Center Maintenance Special Revenue Fund and \$9.7 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 \$0.6 million in the Non-Major Enterprise Sanitation Fund, \$0.9 million in the Internal Service Central Services Fund, \$4.5 million in the Internal Service Building Maintenance Fund, \$0.3 million in the Internal Service Stores & Property Control Fund, \$27.0 million in the Internal Service Self Insurance Fund, and \$22.6 million in the Internal Service Engineering and Administrative Services Fund are primarily due to an increase in the net pension liability, OPEB liability, and claims 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 and issued Taxable Pension Obligation Bonds in September 2021. Please see subsequent events section of the Notes for further details.

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

For the Year Ended June 30, 2021

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2021 were classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 458,287,834
Restricted assets:	
Cash and investments	10,550,595
Cash and investments with fiscal agents	3,146,603
Pension stability funds	521,499
Statement of fiduciary net position:	
Cash and investments	8,838,453
Restricted assets:	
Cash and investments with fiscal agents	<u>117,116</u>
Total cash and investments	<u>\$ 481,462,100</u>

Cash and investments as of June 30, 2021 consisted of the following:

Cash on hand	\$ 90,053
Deposits with financial institutions	83,673,180
Investments	<u>397,698,867</u>
Total cash and investments	<u>\$ 481,462,100</u>

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The investment types that are 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, 2021

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

A. Cash and Investments (Continued)

<u>Investment Types</u> <u>Authorized by State Law</u>	<u>Authorized</u> <u>By</u> <u>Policy</u>	<u>*Maximum</u> <u>Maturity</u>	<u>*Maximum</u> <u>Percentage of</u> <u>Portfolio</u>	<u>*Maximum</u> <u>Investment</u> <u>In One Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
Federal Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
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, 2021

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 May 19, 2020, 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	\$ 258,240,383	\$ 18,795,061	\$ 9,257,995	\$ 230,187,327
Local Agency Investment Fund	139,158,283	139,158,283	-	-
Held by Fiscal Agent:				
Money Market Funds	300,201	300,201	-	-
	<u>\$ 397,698,867</u>	<u>\$ 158,253,545</u>	<u>\$ 9,257,995</u>	<u>\$ 230,187,327</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	\$ 50,361,297

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, 2021

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	\$ 258,240,383	N/A	\$ 258,240,383	\$ -
Local Agency Investment Fund	139,158,283	N/A	-	139,158,283
Held by Fiscal Agent:				
Money Market Funds	300,201	A	300,201	-
	<u>\$ 397,698,867</u>		<u>\$ 258,540,584</u>	<u>\$ 139,158,283</u>

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal agency securities	\$ 46,291,027
Federal Home Loan Bank	Federal agency securities	86,665,720
Federal Home Loan Mortgage Corporation	Federal agency securities	52,788,560
Federal National Mortgage Association	Federal agency securities	72,495,076

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

For the Year Ended June 30, 2021

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, 2021, 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 \$521,499 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, 2021 within the General Fund Balance Sheet.

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

For the Year Ended June 30, 2021

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 unadjusted, 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, 2021.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal Agency Securities ⁽¹⁾	\$ -	\$ 258,240,383	\$ -	\$ 258,240,383
Total Leveled Investments	\$ -	\$ 258,240,383	\$ -	258,240,383
Local Agency Investment Fund *				139,158,283
Money Market Funds *				300,201
				\$ 397,698,867

* Not subject to fair value measurements.

⁽¹⁾ Institutional Bond Quotes - evaluations based on various market and industry inputs. These prices are obtained from various pricing sources by our custodian bank.

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

For the Year Ended June 30, 2021

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

B. Capital Assets

A summary of changes in the Governmental Activities capital assets at June 30, 2021 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	\$ 2,780,050	\$ -	\$ 20,274,022
Right of Way	503,622,411	1,464,684	-	505,087,095
Street Trees	8,026,751	-	-	8,026,751
Construction in progress	<u>112,979,303</u>	<u>35,633,861</u>	<u>(36,596,936)</u>	<u>112,016,228</u>
Total capital assets, not being depreciated	<u>642,122,437</u>	<u>39,878,595</u>	<u>(36,596,936)</u>	<u>645,404,096</u>
Capital assets being depreciated:				
Buildings and building improvements	201,627,468	11,889,956	(635,011)	212,882,413
Improvements other than buildings	114,841,616	14,886,869	(1,991,534)	127,736,951
Equipment	50,910,834	3,048,596	(16,913,991)	37,045,439
Infrastructure	472,102,311	22,257,064	(7,643,318)	486,716,057
Library materials	6,183,082	-	(715,174)	5,467,908
Computer software	<u>6,734,107</u>	<u>-</u>	<u>-</u>	<u>6,734,107</u>
Total capital assets being depreciated	<u>852,399,418</u>	<u>52,082,485</u>	<u>(27,899,028)</u>	<u>876,582,875</u>
Less: Accumulated depreciation for:				
Buildings and building improvements	(159,137,552)	(5,893,773)	342,641	(164,688,684)
Improvements other than buildings	(65,375,555)	(4,257,240)	215,750	(69,417,045)
Equipment	(39,872,542)	(2,256,417)	16,542,780	(25,586,179)
Infrastructure	(236,218,168)	(13,139,962)	6,100,598	(243,257,532)
Library materials	(5,485,426)	(206,009)	715,096	(4,976,339)
Computer software	<u>(5,176,187)</u>	<u>(660,928)</u>	<u>-</u>	<u>(5,837,115)</u>
Total Accumulated depreciation	<u>(511,265,430)</u>	<u>(26,414,329)</u>	<u>23,916,865</u>	<u>(513,762,894)</u>
Capital assets being depreciated, net	<u>341,133,988</u>	<u>25,668,156</u>	<u>(3,982,163)</u>	<u>362,819,981</u>
Governmental activities capital assets, net	<u>\$ 983,256,425</u>	<u>\$ 65,546,751</u>	<u>\$ (40,579,099)</u>	<u>\$ 1,008,224,077</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, 2021

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, 2021 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	\$ 9,949	\$ -	\$ 9,286,297
Construction in progress	<u>10,336,999</u>	<u>9,757,984</u>	<u>(6,422,296)</u>	<u>13,672,687</u>
Total capital assets not being depreciated	<u>19,613,347</u>	<u>9,767,933</u>	<u>(6,422,296)</u>	<u>22,958,984</u>
Capital assets being depreciated:				
Buildings and building improvements	8,831,492	-	-	8,831,492
Improvements other than buildings	190,808,567	10,531,123	(13,230)	201,326,460
Equipment	21,540,548	3,021,761	(2,884,679)	21,677,630
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>244,160,611</u>	<u>13,552,884</u>	<u>(2,897,909)</u>	<u>254,815,586</u>
Less: Accumulated depreciation for:				
Buildings and building improvements	(7,801,404)	(218,482)	-	(8,019,886)
Improvements other than buildings	(100,942,981)	(3,140,742)	13,230	(104,070,493)
Equipment	(12,476,246)	(917,537)	2,674,480	(10,719,303)
Parking structures	(11,834,802)	(493,792)	-	(12,328,594)
Computer software	<u>(139,291)</u>	<u>(13,929)</u>	<u>-</u>	<u>(153,220)</u>
Total Accumulated depreciation	<u>(133,194,724)</u>	<u>(4,784,482)</u>	<u>2,687,710</u>	<u>(135,291,496)</u>
Capital assets being depreciated, net	<u>110,965,887</u>	<u>8,768,402</u>	<u>(210,199)</u>	<u>119,524,090</u>
Business-type activities capital assets, net	<u>\$ 130,579,234</u>	<u>\$ 18,536,335</u>	<u>\$ (6,632,495)</u>	<u>\$ 142,483,074</u>

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

For the Year Ended June 30, 2021

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

B. Capital Assets (Continued)

		<u>June 30, 2021</u>	
Governmental activities:			
General government	\$	1,431,412	
Finance and management services		268,002	
Museum		330,482	
Library		206,009	
Recreation and community services		2,742,048	
Police		4,291,657	
Fire		282,428	
Planning and building		13,194	
Public works		14,776,693	
Community development		534,247	
Internal service funds		<u>1,538,157</u>	
Total depreciation expense-governmental activities	\$	<u>26,414,329</u>	
Business-type activities:			
			<u>June 30, 2021</u>
Water	\$	2,918,335	
Parking		407,105	
Sanitation		108,651	
Sewer		721,776	
Refuse Collections		3,214	
Transportation Center		430,262	
Federal Clean Water Protection		<u>195,139</u>	
Total depreciation expense - business-type activities	\$	<u>4,784,482</u>	

Construction Commitments

The City has active construction projects as of June 30, 2021. 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	\$	112,764,283	98,848,085	\$ 211,612,368
Park improvements		6,507,146	33,191,920	39,699,065
Water system improvements		12,544,774	61,884,475	74,429,249
Sewer improvements		11,627,800	25,924,306	37,552,106
Other improvements		6,990,476	7,996,472	14,986,948

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

For the Year Ended June 30, 2021

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, 2021 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	\$ 426,323
Non-major Capital Projects Funds:	
Capital Grants Fund	8,223,884
Non-major Enterprise Funds:	
Transportation Center	1,750,660
Internal Service Funds:	
Central Services	112,708
Stores & Property Control	326,572
Total	\$ 10,840,147

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

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

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

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.

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

For the Year Ended June 30, 2021

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

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

Interfund Transfers:

Transfers Out	Transfers In					Total
	General Fund	Capital Projects Street Construction Fund	Non-Major Debt Service Fund	Non-Major Special Revenue Fund	Non-Major Enterprise Fund	
General Fund	\$ -	\$ -	\$ 9,490,656	\$ 600,000	\$ 1,500,000	\$ 11,590,656
Special Revenue Gas Tax Fund	-	1,702,800	-	-	-	1,702,800
Water-Major Enterprise Fund	20,727	140,551	-	-	1,200,240	1,361,518
Sewer-Major Enterprise Fund	-	-	-	-	348,080	348,080
Non-Major Enterprise Fund	4,392	-	-	-	1,233,375	1,237,767
Internal Service Funds	7,660	-	212,190	-	-	219,850
Total	\$ 32,779	\$ 1,843,351	\$ 9,702,846	\$ 600,000	\$ 4,281,695	\$ 16,460,671

The General Fund received transfers of \$32,779 for capital lease and loan payments for the 800 MHz Radio System. The transfers consisted of \$20,727 from the Water Major Enterprise Fund, \$450 from the Parking Non-Major Enterprise Fund, \$3,942 from the Non-Major 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 Street Construction Capital Projects Fund received \$1,843,351. The transfers consisted of \$1,702,800 from Special Gas Tax Fund to reimburse the Street Construction Fund for eligible street related construction and maintenance costs and transfer of \$140,551 from Water Enterprise Fund to Special Gas Tax Fund for land transfer.

The Non-Major Debt Service Santa Ana Financing Authority Fund received transfers of \$9,702,846 for debt service payments of the 1994 Series Police Lease Revenue bonds and the 2014 Private Placement Financing. The transfers consisted of \$9,490,656 from the General Fund and \$212,190 from the Engineering and Administrative Internal Service Fund.

The Civic Center & Maintenance Non-Major Special Revenue Funds received transfers of \$600,000 from the General Fund to pay for the City's annual share of Civic Center maintenance obligations payable to the County of Orange.

The Sanitation Non-Major Enterprise Fund received \$200,000 from the Federal Clean Water Protection Non-Major Enterprise Fund for street sweeping services. The Parking Non-Major Enterprise Fund received \$400,000 from the General Fund for Clean and Safe Program. The Federal Clean Water Protection Non-Major Enterprise Fund received \$1,100,000 from Transportation Center Non-Major Enterprise Fund, \$1,200,240 from Water Major Enterprise Fund, \$348,080 from Sewer-Major Enterprise Fund, and \$1,033,375 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, 2021

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	\$ 1,168,000

The \$1,168,000 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, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
<i>Other debt:</i>					
Capital lease obligations	\$ 2,628,034	\$ 9,403,619	\$ 542,982	\$ 11,488,671	\$ 847,419
Certificates of participation	-	-	-	-	-
Revenue refunding bonds	41,885,000	-	1,295,000	40,590,000	1,345,000
Lease revenue bonds	15,892,500	-	3,620,000	12,272,500	3,845,000
Long-term loans & other payables	1,898,200	354,258	350,794	1,901,664	388,930
Unamortized bond discount/premium, net	8,542,560	-	438,080	8,104,480	-
<i>Direct borrowings and placements:</i>					
Notes from direct borrowings	29,480,430	-	5,291,795	24,188,635	5,464,491
<i>Other long-term liabilities:</i>					
Compensated absences payable	26,205,746	10,628,980	7,823,022	29,011,704	7,252,926
Claims payable - worker's compensation	27,144,063	18,410,716	12,452,002	33,102,777	5,200,000
Claims payable - liability insurance	13,975,822	9,824,278	6,127,999	17,672,101	6,740,000
Governmental activities					
Long-term liabilities	\$ 167,652,355	\$ 48,621,851	\$ 37,941,674	\$ 178,332,532	\$ 31,083,766
Business-type activities:					
<i>Other debt:</i>					
Revenue bonds payable	\$ 12,280,000	\$ -	\$ 785,000	\$ 11,495,000	\$ 820,000
Add: Bond premium	1,632,446	-	147,289	1,485,157	-
<i>Other long-term liabilities:</i>					
Compensated absences payable	2,138,086	445,257	646,932	1,936,411	484,103
Business-type activities					
Long-term liabilities	\$ 16,050,532	\$ 445,257	\$ 1,579,221	\$ 14,916,568	\$ 1,304,103

At year-end, \$2.8 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, 2021

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, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Private-purpose trust activities:					
<i>Other debt:</i>					
2018A Tax allocation refunding bonds	\$ 10,775,000	\$ -	\$ 340,000	\$ 10,435,000	\$ 445,000
2018B Tax allocation refunding bonds	58,705,000		-	58,705,000	3,415,000
Add: Bond premium	1,507,158	-	134,969	1,372,189	-
<i>Other long-term liabilities:</i>					
Compensated absences payable	<u>103,197</u>	<u>-</u>	<u>103,197</u>	<u>-</u>	<u>-</u>
Private-purpose trust					
Long-term liabilities	<u>\$ 71,090,355</u>	<u>\$ -</u>	<u>\$ 578,166</u>	<u>\$ 70,512,189</u>	<u>\$ 3,860,000</u>

The City's legal debt margin is 10% of the total assessed valuation, which is \$727.0 million for the fiscal year ended June 30, 2021.

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 \$4.2 million and accumulated depreciation of \$2.1 million as of June 30, 2021.

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

For the Year Ended June 30, 2021

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, 2021 were as follows:

Period Ending June 30	Principal	Interest
2022	\$ 417,413	\$ 69,353
2023	430,625	56,141
2024	444,254	42,512
2025	458,315	28,451
2026	472,819	13,945
Total	<u>\$ 2,223,426</u>	<u>\$ 210,402</u>

Dyer 18, LLC. On March 1, 2021, the City entered into a real property capital lease agreement with Dyer 18, LLC for a homeless shelter at 1815 E. Carnegie Avenue in Santa Ana. The lease agreement is necessary to develop, construct, and operate a year-round homeless shelter and navigation center within the City. The minimum lease payments required during the fifteen-year term of agreement are \$14.0 million. The lease payments discounted at an estimated interest rate of 5.28 percent results in a present value of \$9.4 million, which is capitalized as buildings and building improvements in the City's capital assets with accumulated depreciation of \$0.2 million as of June 30, 2021.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Period Ending June 30	Principal	Interest
2022	\$ 430,006	332,185
2023	453,268	331,789
2024	477,789	330,821
2025	503,635	329,232
2026	530,880	326,973
2027-31	3,117,545	1,573,550
2032-36	3,752,122	1,301,850
Total	<u>\$ 9,265,245</u>	<u>\$ 4,526,400</u>

REVENUE REFUNDING BONDS

Gas Tax Revenue Refunding Bonds, Series 2020. On December 10, 2020, the City issued the Gas Tax Revenue Refunding Bonds, Series 2020 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 2020 Gas Tax Refunding Bonds mature serially starting on January 1, 2021 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%.

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

For the Year Ended June 30, 2021

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

D. Long Term Liabilities (Continued)

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, 2021 was \$7.5 million against total debt payment of \$3.2 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, 2021 was \$40.6 million.

Period Ending June 30	Principal	Interest
2022	\$ 1,345,000	\$ 1,898,400
2023	1,400,000	1,836,500
2024	1,465,000	1,764,875
2025	1,545,000	1,689,625
2026	1,615,000	1,610,625
2027-2031	9,400,000	6,722,500
2032-2036	11,975,000	4,063,125
2037-2040	11,845,000	986,350
Total	\$ 40,590,000	\$ 20,572,000

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, 2020 and \$38.6 million of noncallable Premium Term Bonds due in amounts ranging from \$6.8 million starting July 1, 2021, to \$8.7 million ending July 1, 2024.

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

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

For the Year Ended June 30, 2021

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

D. Long Term Liabilities (Continued)

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

The bonds are payable from revenues of the Financing Authority, consisting principally of base rental payments by the City pursuant to a lease agreement between the City and the Authority. The City agreed to make all base rental payments sufficient to permit the Authority to pay principal and interest on all the bonds described in the preceding paragraph. These revenues are pledged until fiscal year 2024. Payment of principal and interest on the bonds is covered by a municipal bond insurance policy issued by Municipal Bond Investors Assurance Company (MBIA). The unpaid balance as of June 30, 2021 was \$12.3 million.

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

Period Ending		Principal	Interest
June 30		Principal	Interest
2022	\$	3,845,000	\$ 767,032
2023		4,085,000	526,719
2024		4,342,500	271,406
Total	\$	<u>12,272,500</u>	<u>\$ 1,565,157</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, 2021 was \$1.9 million. The annual debt service requirements are as follows:

Period Ending		Principal
June 30		Principal
2022	\$	388,930
2023		365,842
2024		329,921
2025		281,785
2026		165,462
2027-2031		369,724
Total	\$	<u>1,901,664</u>

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

For the Year Ended June 30, 2021

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

D. Long Term Liabilities (Continued)

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, 2021 was \$16.9 million.

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
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	-	-	-	-	665,000	65,531	665,000	65,531
2027-2028	-	-	-	-	1,415,000	53,531	1,415,000	53,531
Total	\$ 7,380,000	\$ 495,344	\$ 3,350,000	\$ 224,930	\$ 6,215,000	\$ 731,847	\$ 16,945,000	\$ 1,452,121

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, 2021 was \$0.5 million.

The annual debt service requirements are as follows:

Period Ending June 30	Principal		Interest	
2022	\$	112,112	\$	12,825
2023		115,514		9,423
2024		119,018		5,919
2025		122,630		2,308
Total	\$	469,274	\$	30,475

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

For the Year Ended June 30, 2021

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

D. Long Term Liabilities (Continued)

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, 2021 was \$0.8 million.

The annual debt service requirements are as follows:

Period Ending June 30	Principal	Interest
2022	\$ 184,640	\$ 21,863
2023	190,430	16,072
2024	196,402	10,099
2025	202,562	3,940
Total	<u>\$ 774,034</u>	<u>\$ 51,974</u>

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
2022	\$ 582,739	\$ 199,811
2023	602,145	180,406
2024	622,196	160,354
2025	642,915	139,635
2026	664,324	118,226
2027-2030	2,886,008	244,194
Total	<u>\$ 6,000,327</u>	<u>\$ 1,042,626</u>

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

For the Year Ended June 30, 2021

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

D. Long Term Liabilities (Continued)

COMPENSATED ABSENCES PAYABLE

The City's policies relating to compensated absences are described in Note 1D. The outstanding balance at June 30, 2021 was \$29.0 million and \$1.9 million for the Governmental Activities and Business-type Activities respectively. The liability for Governmental Activities is primarily liquidated from the General Fund while the liability for Business-type activities is liquidated from the Enterprise Funds.

REVENUE BONDS PAYABLE

Water Revenue Refunding Bonds, Series 2014. On August 7, 2014, the City, through the Santa Ana Financing Authority (SAFA), issued Water Revenue Refunding Bonds, Series 2014 for \$15.7 million. The proceeds of the bonds were used to (a) provide funds to refund in full the Authority's Water Revenue Refunding Bonds, Series, 2004, b) to finance a portion of the acquisition and construction of certain improvements to the City's Water System, and lastly c) to pay certain costs of issuance of the Bonds. The principal of the bonds is payable commencing March 1, 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, 2021 was \$15.8 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, 2021 was \$11.5 million.

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

Period Ending		Principal		Interest
June 30				
2022	\$	820,000	\$	530,325
2023		865,000		488,200
2024		905,000		450,738
2025		940,000		411,400
2026		985,000		363,275
2027-2031		5,670,000		1,057,575
2032		1,310,000		32,750
Total	\$	11,495,000	\$	3,334,263

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, 2021

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

D. Long Term Liabilities (Continued)

	June 30, 2021
Operating revenue	\$ 64,044,621
Operating expenses (net of depreciation expense of \$ 2,918,335)	52,250,126
Net revenue	11,794,495
Amount required for payment of principal and interest payable for the year ended June 30, 2022 (\$1,350,325 x 1.20)	1,620,390
Excess of net revenue over amount required \$	10,174,105

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, 2020 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, 2021

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

D. Long Term Liabilities (Continued)

Period Ending June 30	Principal	Interest
2022	\$ 445,000	\$ 500,450
2023	795,000	475,650
2024	830,000	439,000
2025	875,000	396,375
2026	915,000	351,625
2027-2031	5,340,000	1,002,500
2032	1,235,000	30,875
Total	<u>\$ 10,435,000</u>	<u>\$ 3,196,475</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, 2020 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
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	9,970,000	946,080
2027-2029	19,370,000	853,584
Total	<u>\$ 58,705,000</u>	<u>\$ 8,773,974</u>

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

For the Year Ended June 30, 2021

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, 2021 for the bonds was as follows:

Number	Fixed Rate Issues	Bonds Issued	Bonds Outstanding
2015-01	Warner Industrial Community	\$ 1,585,000	\$ 1,310,000
	Total Fixed Rate Issues	<u>\$ 1,585,000</u>	<u>\$ 1,310,000</u>

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

For the Year Ended June 30, 2021

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, 2021, 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:

Issue Date	Interest Rate	Amount
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
		\$ 50,354,811

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, 2021

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, 2021. 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	\$ 42,852,545	(307,214) \$	42,545,331
Community Development Block Grants	4,965,775	-	4,965,775
Neighborhood Stabilization Program	9,486,034	-	9,486,034
CalHome Program	1,148,272	(133,341)	1,014,931
Total Special Revenue Grants	58,452,626	(440,555)	58,012,071
Capital Projects - Inclusionary Housing Fee	6,425,000	(200,000)	6,225,000
Capital Projects - Housing Successor Agency	73,676,948	(50,956,948)	22,720,000
	<u>\$ 138,554,574</u>	<u>\$ (51,597,503)</u>	<u>\$ 86,957,071</u>

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

For the Year Ended June 30, 2021

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, 2021 totaled \$2.9 million.

Period Ending <u>June 30</u>	Principal <u>Component</u>	Interest <u>Component</u>	Total Lease <u>Payment</u>
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>\$ 2,891,210</u>	<u>\$ 293,885</u>	<u>\$ 3,185,095</u>

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

For the Year Ended June 30, 2021

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, 2021 was \$6.3 million. These amounts are reported as assigned fund balance in the governmental funds.

<u>Encumbrances</u>	<u>June 30, 2021</u>
General Fund	\$ 1,407,823
Special Revenue Grants	537,987
Water	732,182
Sewer	616,613
Nonmajor Enterprise Funds	2,436,588
Internal Services Funds	<u>596,784</u>
	<u>\$ 6,327,977</u>

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

For the Year Ended June 30, 2021

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 contracts with a Third Party Administrator, AdminSure, Inc. for all claims handling and administration of General Liability and Workers' Compensation programs. AdminSure claims adjusters estimate total losses for each claim and determines reserve requirements for the General Liability and Workers' Compensation claims 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 currently is a member of two risk pools regarding the general liability and workers' compensation excess coverage and reinsurance. 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 as their self-insured retention amount. In some previous plan years, 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 or otherwise transferred to another entity.

Effective July 1, 2019, the City was accepted as a member of Independent Cities Risk Management Authority (ICRMA), a qualified risk pool, currently with 16 other southern California cities, for both general liability and workers' compensation excess coverage and reinsurance 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, 2021, 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, 2021.

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

For the Year Ended June 30, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

A. Risk Management (Continued)

Changes in the balances of claims liabilities since July 1, 2019 resulted from the following:

	<u>Workers Compensation</u>	<u>General 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>

	<u>Workers Compensation</u>	<u>General Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2020	\$ 27,144,063	\$ 13,975,822	\$ 41,119,885
Claims and Changes in Estimate	13,351,076	6,561,157	19,912,233
Claims Payments	<u>(3,342,246)</u>	<u>(2,431,720)</u>	<u>(5,773,966)</u>
Unpaid Claims - June 30, 2021	37,152,893	18,105,259	55,258,152
Less Discount Taken	<u>(4,050,116)</u>	<u>(433,158)</u>	<u>(4,483,274)</u>
Net Unpaid Claims - June 30, 2021	<u>\$ 33,102,777</u>	<u>\$ 17,672,101</u>	<u>\$ 50,774,878</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 \$50.8 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.

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

For the Year Ended June 30, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

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, 2021 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).

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.

COVID-19. On March 11, 2021, 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 during most of the current fiscal year. Although statewide safety measures including the Stay Home Order and the Blueprint for a Safer Economy were lifted as of June 15, 2021, the ultimate financial impact of the pandemic is uncertain and subject to change. The City received higher than expected General Fund revenues such as sales tax, cannabis, and property taxes, offsetting losses on Hotel Visitors taxes and various charges for services during the pandemic period.

The City received \$32.4 million, from both the State of California and County 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. The funds were fully expended during the fiscal year 2020-21.

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law, and established the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The City has been allocated \$128 million of SLFRF to respond to the economic and public health impacts of COVID-19 and received the first tranche of \$64 million in May 2021. A majority of the SLFRF funding will be incurred during the upcoming fiscal year 2021-22. Specifically, the City Council has authorized the ARPA funds to be spent including but not limited to the following areas:

- Recovery from the pandemic
- Direct Assistance Programs
- Public Health & Safety
- Critical Infrastructure
- City Fiscal Health

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

For the Year Ended June 30, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

D. Joint Ventures

The Orange County Civic Center Authority (the "OCCCA") was created in January 1966 under a Joint Exercise of Powers Agreement between the City and the County of Orange. The purpose of the OCCCA is to provide, through the issuance of revenue bonds, financing necessary to construct a county courthouse and certain City buildings, located on land contributed to the OCCCA by the County and the City. Upon completion of construction, the OCCCA leased the facilities to the County, the City and the State of California. The City took title to its City Hall facilities when it exercised an early defeasance of the corresponding revenue bonds in fiscal year 1993-94.

The Authority is governed by a five-member board to which the Orange County Board of Supervisors and the Santa Ana City Council each appoint two members. These four members select the fifth member. The City and the County have contracted with the OCCCA to administer the Civic Center parking lot and the Parking/Maintenance Fund. Parking revenue is retained by the OCCCA and must be used to pay the parking lot concessionaire, to pay any taxes related to the parking lot, and to reimburse the City for the cost of maintaining the Civic Center. No provision has been made for disposition of excess funds remaining after authorized expenditures have been made.

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

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. PEPRAs 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

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

For the Year Ended June 30, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

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.

The Plan's provisions and benefits in effect at the measurement date ended June 30, 2020, 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)	10.979%	10.979%
Required employer contribution (Unfunded Liability) \$	21,369,397	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)	22.364%	22.364%
Required employer contribution (Unfunded Liability) \$	22,644,532	Included in Tier 1

Employees Covered

At the measurement date ended June 30, 2020, 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, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	1,532	969
Inactive employees entitled to but not yet receiving benefits	884	156
Active employees	749	332
Total	3,165	1,457

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 2020-21, 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 2020-21, the Employer Normal Cost Rate was 23.58% for safety employees and 12.07% for non-safety employees. The City's total employer contributions based on the rates were \$12.0 million for safety employees and \$8.2 million for non-safety employees. The City also contributed Employer Payment of Unfunded Liability of \$25.4 million for safety employees and \$22.6 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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
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 2020-21.

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, 2021

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:

<u>Asset Class (a)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(b)</u>	<u>Real Return Years 11+(c)</u>
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	<u>100.00%</u>		

(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, 2021

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, 2019 (VD)⁽¹⁾	\$ 929,514,096	\$ 645,705,698	\$ 283,808,398
Changes in the year:			
Service cost	11,318,820	-	11,318,820
Interest on the total pension liability	65,271,458	-	65,271,458
Differences between expected and actual experience	1,913,494	-	1,913,494
Changes in assumptions	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution from the employer	-	28,544,599	(28,544,599)
Contribution from the employees	-	5,560,258	(5,560,258)
Net investment income	-	31,736,275	(31,736,275)
Benefit payments, including refunds of employee contributions	(48,398,964)	(48,398,964)	-
Administrative expense	-	(910,287)	910,287
Other Miscellaneous Income/(Expense)	-	-	-
Net changes during 2019-20	\$ 30,104,808	\$ 16,531,881	\$ 13,572,927
Balance at June 30, 2020 (MD) (1)	\$ 959,618,904	\$ 662,237,579	\$ 297,381,325

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 (VD)⁽¹⁾	\$ 1,167,815,090	\$ 786,842,653	\$ 380,972,437
Changes in the year:			
Service cost	13,297,013	-	13,297,013
Interest on the total pension liability	81,740,251	-	81,740,251
Differences between expected and actual experience	3,506,542	-	3,506,542
Changes in assumptions	-	-	-
Plan to plan Resource Movement	-	-	-
Contribution from the employer	-	33,643,966	(33,643,966)
Contribution from the employees	-	5,008,789	(5,008,789)
Net investment income	-	38,593,656	(38,593,656)
Benefit payments, including refunds of employee contributions	(69,499,682)	(69,499,682)	-
Administrative expense	-	(1,109,255)	1,109,255
Other Miscellaneous Income/(Expense)	-	-	-
Net changes during 2019-20	\$ 29,044,124	\$ 6,637,474	\$ 22,406,650
Balance at June 30, 2020 (MD) (1)	\$ 1,196,859,214	\$ 793,480,127	\$ 403,379,087

⁽¹⁾ The table above is based on the Valuation Date (VD) June 30, 2019 and the Measurement Date (MD) of June 30, 2020.

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

For the Year Ended June 30, 2021

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:

Plan	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
Miscellaneous	421,762,452	297,381,325	194,527,832
Safety	555,376,311	403,379,087	278,068,170

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, 2021, the City recognized pension expense of \$49.7 million for safety plan and \$33.0 million for non-safety employees. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 30,817,795	\$ -
Differences between expected and actual experience	1,289,909	-
Net differences between projected and actual earnings on pension plan investments	5,530,003	-
Total	\$ 37,637,707	\$ -

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

For the Year Ended June 30, 2021

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	\$ 37,379,534	\$ -
Differences between actual and expected experience	4,693,410	-
Net differences between projected and actual earnings on pension plan investments	6,002,783	-
Total	\$ 48,075,727	\$ -

\$68.2 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, 2022. 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
2022	(1,433,652)	492,493	(941,159)
2023	2,050,516	2,840,945	4,891,461
2024	3,446,156	4,081,412	7,527,568
2025	2,756,892	3,281,343	6,038,235
2026	-	-	-

e. Payable to the Pension Plan:

As of June 30, 2021, the City had \$1.3 million of contributions payable to the pension plan required for the year ended June 30, 2021.

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

For the Year Ended June 30, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan

a. Plan Description:

On April 18, 2011, the City adopted a resolution authorizing the implementation of a Public Agency Retirement Services (PARS) for twenty-five (25) Police Officer's Association (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. This plan is closed to new participants and the twenty-five retirees are inactive employees (or their beneficiaries) currently receiving benefits.

b. Eligibility:

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

c. Funding Policy:

The City has made available an 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 2020-21, the City's annual PARS contribution was \$138,938.

d. Net Pension liability:

The City's net pension liability for the supplementary plan is measured as the total pension liability, less the pension plan's fiduciary net position (unfunded accrued liability). The net pension liability of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2021. 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, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan (Continued)

Actuarial Assumptions

The actuarial assumptions for the Supplementary Retirement Plan for twenty-five (25) 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	6/30/2021
Measurement Date	6/30/2021
Actuarial Cost Method	Entry-Age Normal
Amortization Method:	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 06/30/2021	11 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, 2021, 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, 2021

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, 2021, 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 2.21% as of June 30, 2020 to 2.14% as of June 30, 2021 resulting in a decrease in the single equivalent rate from 2.21% as of July 1, 2020 to 2.14% as of June 30, 2021.

The unfunded liability, referred to as the Net Pension Liability, is \$2.6 million for a funded ratio of 2.88% as of June 30, 2021.

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%	-0.32%	-0.32%
Assumed Inflation- Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			1.16%	1.16%
Portfolio Real Mean Return			-0.32%	-0.32%
Portfolio Nominal Mean Return			1.98%	1.97%
Portfolio Standard Deviation				1.13%
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, 2021

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, 2020	\$ 2,652,528	\$ 69,063	\$ 2,583,465
Service cost	-	-	-
Interest on total pension liability	57,246	-	57,246
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	20,620	-	20,620
Effect of assumptions changes or inputs	22,358	-	22,358
Benefit payments	(125,012)	(125,012)	-
Employer contributions	-	138,938	(138,938)
Member contributions	-	-	-
Net investment income	-	17	(17)
Administrative expenses	-	(7,401)	7,401
Balances at June 30, 2021	\$ 2,627,740	\$ 75,605	\$ 2,552,135

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 2.14%, 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 (1.14%) or 1 percentage point higher (3.14%) than the current rate.

	1% Decrease 1.14%	Current Discount Rate 2.14%	1% Increase 3.14%
Net pension liability	\$ 2,906,727	\$ 2,552,135	\$ 2,258,967

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

For the year ended June 30, 2021, the City recognized pension expense of \$0.1 million. As of June 30, 2021, the deferred inflows and outflows of resources were as follows:

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

For the Year Ended June 30, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	\$ 6,960	\$ -
Total	\$ 6,960	\$ -

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
2022	\$ 2,604
2023	1,982
2024	1,510
2025	864
2026	-

The following is a summary of the City's total fiscal year 2020-21 deferred amounts on pension plans, net pension liability, and pension expense:

Plan	Government- wide	Fiduciary Funds	Total
<u>Deferred outflows on pension plans</u>			
- CalPERS	\$ 85,603,597	109,837	\$ 85,713,434
- Supplementary Retirement Plan	6,960	-	6,960
Total	85,610,557	109,837	85,720,394
<u>Net pension liability:</u>			
- CalPERS	699,892,603	867,809	700,760,412
- Supplementary Retirement Plan	2,552,135	-	2,552,135
Total	\$ 702,444,738	867,809	\$ 703,312,547

Plan	Pension Expense
Defined Benefit Pension Plan:	
- Miscellaneous	\$ 33,037,361
- Safety	49,679,404
Supplementary Retirement Plan	106,594
Total	\$ 82,823,359

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

For the Year Ended June 30, 2021

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 initially selected "unequal" PEMHCA method for the contribution. Under this method, the City offered a lesser contribution for retirees than for active employees. 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 increased 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 continued until December 31, 2018 when the City contribution for retirees equaled the City contribution paid for active employees. The City began contributing the equal method for both active and retired members on January 1, 2019. The City paid \$143 for calendar year 2021 per active safety & miscellaneous employee and retirees for PEMHCA minimum. The CalPERS Board of Administration approves the employer contribution rate and plan changes annually based on Government Code section 22892. During the fiscal year 2020-21 (measurement period 2019-20), the total City's PEMHCA benefit payment was \$0.7 million and the implicit subsidy was \$.9 million for a total of \$1.6 million.

d. Employees Covered

As of the June 30, 2020 measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees currently receiving benefits	427
Inactives entitled to but not yet receiving	102
Active employees	560
Total	<u><u>1,089</u></u>

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

For the Year Ended June 30, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

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

e. Total OPEB Liability

The City's total OPEB liability of \$55.4 million was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020 using standard update procedures.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2020 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, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.66%
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 2.79% as of June 30, 2019 and 2.66% as of June 30, 2020.

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

For the Year Ended June 30, 2021

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, 2020 ⁽¹⁾	\$		53,117,454
Changes in the Year:			
Service cost			1,753,882
Interest on the total OPEB liability			1,509,110
Changes of assumptions			583,000
Benefit payments			<u>(1,562,712)</u>
Net Changes			<u>2,283,280</u>
Balance at June 30, 2021 ⁽¹⁾	\$		<u>55,400,734</u>

(1) The table above is based on the Valuation Date of June 30, 2019 and the Measurement Date of June 30, 2020.

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>1.66%</u>	<u>2.66%</u>	<u>3.66%</u>
Total OPEB Liability	\$ 66,011,585	\$ 55,400,734	\$ 47,152,888

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:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 46,154,624	\$ 55,400,734	\$ 67,494,255

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

For the Year Ended June 30, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

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

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$1,951,291. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Benefit payments made subsequent to measurement date	\$ 1,625,046	\$	-
Change of assumptions	870,148		3,913,903
Difference between expected and actual experience	549,191		-
Total	\$ 3,044,385	\$	3,913,903

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
2022	\$	(821,088)
2023		(676,941)
2024		(787,891)
2025		(250,179)
2026		41,535
Thereafter		-

The following is a summary of the City's total fiscal year 2020-21 deferred amounts on OPEB plan, and net OPEB liability:

Plan		Government-wide		Fiduciary Funds		Total
Deferred outflows on OPEB plan	\$	3,033,957	\$	10,428	\$	3,044,385
Deferred inflows on OPEB plan		3,900,494		13,409		3,913,903
Net OPEB liability		55,210,904		189,830		55,400,734

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

For the Year Ended June 30, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

H. Classification of Fund Balances

The City's fund balances at June 30, 2021 consisted of the following:

	Special Revenue Funds							Capital Projects Street Construction	Nonmajor Governmental Funds	Total
	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue American Rescue Plan Act	Special Revenue Gas Tax					
Nonspendable:										
Prepaid Items	\$ -	\$ 246,642	\$ 20,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 267,325	
Total Nonspendable	-	246,642	20,683	-	-	-	-	-	267,325	
Restricted:										
Debt service	-	-	-	-	-	-	-	-	-	
Public works streetlight project	1,268,870	-	-	-	-	-	-	-	1,268,870	
Public safety grants	-	2,821,839	-	-	-	-	-	-	2,821,839	
Housing & urban development	-	4,413,770	4,866,036	-	-	-	-	42,840,347	52,120,153	
Community services & planning	-	-	-	26,538	-	-	-	-	26,538	
Recreation services	-	405,377	-	-	-	-	-	-	405,377	
Library services	-	44,171	-	-	-	-	-	-	44,171	
Street capital improvement projects	-	-	-	-	28,305,667	45,400,027	-	-	73,705,694	
Drainage construction	-	-	-	-	-	-	3,505,989	-	3,505,989	
Inmate welfare	-	-	-	-	-	-	1,531,318	-	1,531,318	
Sewer system maintenance	-	-	-	-	-	-	10,945,599	-	10,945,599	
Air quality improvements	-	-	-	-	-	-	1,720,498	-	1,720,498	
Park acquisition & development	-	-	-	-	-	-	18,501,513	-	18,501,513	
Community development capital projects	-	-	-	-	-	-	4,506,191	-	4,506,191	
Debt service	-	-	-	-	-	-	79,950	-	79,950	
Capital grants	-	-	-	-	-	-	23,227	-	23,227	
Pension stability funds	521,499	-	-	-	-	-	-	-	521,499	
Total restricted	1,790,369	7,685,157	4,866,036	26,538	28,305,667	45,400,027	83,654,632	-	171,728,426	
Assigned:										
Contractual obligations	1,407,824	-	-	-	-	-	-	-	1,407,824	
City Services	1,016,374	-	-	-	-	-	-	-	1,016,374	
City Public Safety & Community Benefit Programs	1,557,606	-	-	-	-	-	-	-	1,557,606	
Fire Facilities Fund	1,583,904	-	-	-	-	-	-	-	1,583,904	
Cable TV (PEG)	1,252,366	-	-	-	-	-	-	-	1,252,366	
Continuing projects:										
General Plan updates	239,000	-	-	-	-	-	-	-	239,000	
Building/Public Works Improvements & Vehicle Maintenance	2,357,387	-	-	-	-	-	-	-	2,357,387	
Information Technology Systems Improvements	643,295	-	-	-	-	-	-	-	643,295	
Parks & Recreation Facilities Improvements	557,923	-	-	-	-	-	-	-	557,923	
Police Department Program	50,000	-	-	-	-	-	-	-	50,000	
Artist grant program	19,273	-	-	-	-	-	-	-	19,273	
Cannabis Public Benefit	15,873,844	-	-	-	-	-	-	-	15,873,844	
Total assigned	26,558,796	-	-	-	-	-	-	-	26,558,796	
Unassigned:										
General Fund										
Operating Reserve	63,083,968	-	-	-	-	-	-	-	63,083,968	
Unallocated Amount	42,289,528	-	-	-	-	-	-	-	42,289,528	
Special Revenue Funds	-	(2,114,282)	-	-	-	-	(321,567)	-	(2,435,849)	
Capital Projects Funds	-	-	-	-	-	-	(9,654,543)	-	(9,654,543)	
Total unassigned	105,373,496	(2,114,282)	-	-	-	-	(9,976,110)	-	93,283,104	
Total	\$ 133,722,661	\$ 5,817,517	\$ 4,886,719	\$ 26,538	\$ 28,305,667	\$ 45,400,027	\$ 73,678,522	\$ -	\$ 291,837,651	

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

For the Year Ended June 30, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

H. Classification of Fund Balances (Continued)

On March 16, 2021, the City Council approved the City's Budget and Reserve Policy (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 a General Fund Operating Reserve (minimum of 18% of annual recurring General Fund revenue). A documented plan to replenish the Operating Reserve must accompany any City Council authorized use of the Operating Reserve. A plan for replenishment may include reduction of expenditures, one-time money, favorable budget variances and/or new revenue sources.

I. Restatement of Prior Year Financial Statements

The City adopted the provisions of the Governmental Accounting Standard Board (GASB) Statement No. 84, Fiduciary Activities, which became effective during the year ended June 30, 2021. The intention of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of the Statement required the City to make prior period adjustments.

During the fiscal year ended June 30, 2021, the City determined that sale of certain properties reported as land held for resale in the Capital Projects Street Construction Fund was recorded as a reduction of capital assets during the fiscal year ended June 30, 2020. The City made a prior period adjustment to the beginning fund balance to properly record the sale.

The result of these adjustments increased the net position and fund balance at July 1, 2020 as follows:

Government-Wide Financial Statements:

	Governmental Activities
Net position, June 30, 2020	\$ 536,777,431
Increase in net position to implement GASB 84	11,836,011
Land held for Resale adjustment	<u>(1,342,412)</u>
Net position, July 1, 2020 as restated	<u>\$ 547,271,030</u>

Governmental Funds:

	General Fund	Capital Projects Street Construction
Fund Balance, June 30, 2020	\$ 97,423,901	\$ 37,378,315
Increase in fund balance to implement GASB 84	251,850	11,584,161
Land held for Resale adjustment	<u>-</u>	<u>(1,342,412)</u>
Fund Balance, July 1, 2020 as restated	<u>\$ 97,675,751</u>	<u>\$ 47,620,064</u>

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

For the Year Ended June 30, 2021

NOTE 4. OTHER INFORMATION (CONTINUED):

I. Restatement of Prior Year Financial Statements (Continued)

Fiduciary Funds:

	Custodial Funds
Net position, June 30, 2020	\$ -
Increase in net position to implement GASB 84	<u>1,834,163</u>
Net position, July 1, 2020 as restated	\$ <u><u>1,834,163</u></u>

J. Subsequent Events

2021 Taxable Pension Obligation Bonds, Series A

On September 1, 2021, the City issued \$425.8 million Taxable Pension Obligation Bonds, Series A. The proceeds of the bonds will be used to (i) pay all or a portion of the City's currently amortized, unfunded accrued actuarial liability to the California Public Employees' Retirement System with respect to the City's defined benefit retirement plans for City employees, and (ii) pay costs of issuance of the Bonds. Taxable Pension Obligation Bonds, Series A mature serially on August 1 beginning 2022 through 2034 in amounts ranging from \$6.0 million to \$33.4 million and pay interest at rates varying from 0.25% to 2.6%.

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 8, 2021, the date the financial statements were available to be issued.

CITY OF SANTA ANA, CALIFORNIA

Required Supplementary Information

Required Supplementary
Information

**General Fund
Budgetary Comparison Schedule
Year ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 152,411,000	158,656,612	163,206,871	\$ 4,550,259
License and permits	5,181,530	5,603,885	6,116,269	512,384
Intergovernmental	100,936,780	113,755,780	133,612,227	19,856,447
Charges for services	19,527,900	15,624,347	15,803,279	178,932
Fines and forfeits	4,740,950	5,640,950	5,124,784	(516,166)
Investment income	463,000	463,000	724,101	261,101
Cost recoveries and donations	13,025,780	12,989,430	12,307,176	(682,254)
Rental income	16,906,900	16,458,259	18,020,915	1,562,656
Miscellaneous	87,240	87,240	196,662	109,422
Total revenues	313,281,080	329,279,503	355,112,284	25,832,781
Expenditures:				
Current:				
General Government:				
City Council	489,780	489,780	972,915	(483,135)
Clerk of the Council	1,355,600	1,457,539	1,131,774	325,765
City Attorney	3,937,610	4,021,402	3,543,489	477,913
City Manager	1,980,880	2,140,880	1,899,407	241,473
Nondepartmental	41,999,690	43,450,216	43,387,974	62,242
Total General Government	49,763,560	51,559,817	50,935,559	624,258
Human Resources	2,897,790	3,059,931	2,514,296	545,635
Finance and Management Services	9,545,280	9,856,666	8,787,670	1,068,996
Museum	1,473,430	1,473,430	1,472,977	453
Library	5,249,590	5,220,489	4,761,794	458,695
Recreation and Community Services	25,021,070	24,465,349	21,966,072	2,499,277
Police Department	135,971,310	136,873,219	132,940,555	3,932,664
Fire and ambulance services	50,266,400	47,530,217	46,608,405	921,812
Planning and Building	18,953,620	20,888,065	15,441,578	5,446,487
Public Works	13,010,660	13,838,746	14,064,157	(225,411)
Community Development	3,561,650	4,412,874	3,564,649	848,225
Total	265,950,800	267,618,986	252,122,153	15,496,833
Capital Outlay	2,257,530	13,328,631	3,237,473	10,091,158
Debt Service:				
Principal retirement	2,548,140	2,643,833	1,607,197	1,036,636
Interest and fiscal charges	157,600	157,600	459,373	(301,773)
Total expenditures	320,677,630	335,308,867	308,361,755	26,947,112
Excess (deficiency) of revenues over (under) expenditures	(7,396,550)	(6,029,364)	46,750,529	52,779,893
Other financing sources (uses):				
Transfers in	-	-	32,779	32,779
Transfers out	11,862,860	11,683,460	(11,590,656)	(23,274,116)
Sale of capital assets	-	500,000	500,000	-
Issuance of debt	-	-	354,258	354,258
Total other financing sources (uses)	11,862,860	12,183,460	(10,703,619)	(22,887,079)
Net change in fund balances	4,466,310	6,154,096	36,046,910	29,892,814
Fund balance - beginning as restated	97,675,751	97,675,751	97,675,751	-
Fund balance - ending	\$ 102,142,061	\$ 103,829,847	\$ 133,722,661	\$ 29,892,814

See accompanying Notes to Required Supplementary Information.

Special Revenue Housing Authority Fund
Budgetary Comparison Schedule
Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 42,607,310	\$ 46,778,123	\$ 43,292,036	\$ (3,486,087)
Investment income	52,000	52,000	23,875	(28,125)
Cost recoveries	-	-	30,499	30,499
Miscellaneous	90,000	90,000	77,255	(12,745)
Total revenues	42,749,310	46,920,123	43,423,665	(3,496,458)
Expenditures:				
Current:				
Community development	42,749,310	48,207,167	43,282,315	4,924,852
Total expenditures	42,749,310	48,207,167	43,282,315	4,924,852
Excess (deficiency) of revenues over (under) expenditures	-	(1,287,044)	141,350	1,428,394
Net change in fund balance	-	(1,287,044)	141,350	1,428,394
Fund balance - beginning	4,745,369	4,745,369	4,745,369	-
Fund balance - ending	\$ 4,745,369	\$ 3,458,325	\$ 4,886,719	\$ 1,428,394

See accompanying Notes to Required Supplementary Information.

NONMAJOR SPECIAL REVENUE FUNDS

**Special Revenue American Rescue Plan Act
Budgetary Comparison Schedule
Year ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 1,500,000	265,000	(1,235,000)
Investment income	-	-	26,538	26,538
Total revenues	-	1,500,000	291,538	(1,208,462)
Expenditures:				
Current:				
Finance and management services	-	1,500,000	265,000	1,235,000
Total expenditures	-	1,500,000	265,000	1,235,000
Excess (deficiency) of revenues over (under) expenditures	-	-	26,538	26,538
Net change in fund balance	-	-	26,538	26,538
Fund balance - beginning	-	-	-	-
Fund balance - ending	-	-	26,538	26,538

See accompanying Notes to Required Supplementary Information.

**Special Revenue Gas Tax Fund
Budgetary Comparison Schedule
Year ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 14,152,910	\$ 14,205,155	\$ 13,686,111	\$ (519,044)
Investment income	-	-	197,538	197,538
Total revenues	<u>14,152,910</u>	<u>14,205,155</u>	<u>13,883,649</u>	<u>(321,506)</u>
Expenditures:				
Current:				
Public works	4,783,680	5,247,984	3,756,797	1,491,187
Debt Service:				
Principal retirement	1,295,000	1,295,000	1,295,000	-
Interest and fiscal charges	<u>1,951,200</u>	<u>1,951,200</u>	<u>1,951,200</u>	<u>-</u>
Total expenditures	<u>8,029,880</u>	<u>8,494,184</u>	<u>7,002,997</u>	<u>1,491,187</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,123,030</u>	<u>5,710,971</u>	<u>6,880,652</u>	<u>1,169,681</u>
Other financing uses:				
Transfers out	<u>(6,470,390)</u>	<u>(16,238,834)</u>	<u>(1,702,800)</u>	<u>14,536,034</u>
Total other financing uses	<u>(6,470,390)</u>	<u>(16,238,834)</u>	<u>(1,702,800)</u>	<u>14,536,034</u>
Net change in fund balance	(347,360)	(10,527,863)	5,177,852	15,705,715
Fund balance - beginning	<u>23,127,815</u>	<u>23,127,815</u>	<u>23,127,815</u>	<u>-</u>
Fund balance - ending	<u>\$ 22,780,455</u>	<u>\$ 12,599,952</u>	<u>\$ 28,305,667</u>	<u>\$ 15,705,715</u>

See accompanying Notes to Required Supplementary Information.



CITY OF SANTA ANA, CALIFORNIA
Annual
Comprehensive Financial
Report

CITY OF SANTA ANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021

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 Housing Authority, American Rescue Plan Act (ARPA), Gas Tax, 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. The City Manager's Office is responsible for ARPA. 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, 2021

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, 2021

**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, 2021		June 30, 2020		June 30, 2019	
	June 30, 2020		June 30, 2019		June 30, 2018	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
TOTAL PENSION LIABILITY						
Service cost	\$ 11,318,820	\$ 13,297,013	\$ 11,557,539	\$ 13,194,125	\$ 11,348,737	\$ 12,192,473
Interest on the total pension liability	65,271,458	81,740,251	63,170,975	79,725,420	61,037,490	77,086,590
Changes of Benefit Terms	-	-	-	-	-	-
Differences between expected and actual experience	1,913,494	3,506,542	1,887,415	12,947,427	1,935,068	4,973,371
Changes in assumptions	-	-	-	-	(4,549,188)	(4,470,521)
Benefit payments, including refunds of employee contributions	(48,398,964)	(69,499,682)	(45,891,602)	(67,096,452)	(43,186,575)	(64,544,773)
Net Change in Total Pension Liability	30,104,808	29,044,124	30,724,327	38,770,520	26,585,532	25,237,140
Total Pension Liability - Beginning	929,514,096	1,167,815,090	898,789,769	1,129,044,570	872,204,237	1,103,807,430
Total Pension Liability - Ending (a)	\$ <u>959,618,904</u>	\$ <u>1,196,859,214</u>	\$ <u>929,514,096</u>	\$ <u>1,167,815,090</u>	\$ <u>898,789,769</u>	\$ <u>1,129,044,570</u>
PLAN FIDUCIARY NET POSITION						
Contribution from the employer	\$ 28,544,599	\$ 33,643,966	\$ 23,585,463	\$ 27,159,274	\$ 21,163,207	\$ 24,277,484
Contribution from the employee	5,560,258	5,008,789	4,649,932	3,973,090	5,111,516	4,155,374
Net investment income	31,736,275	38,593,656	40,383,805	49,864,238	49,494,120	61,839,581
Benefit payments, including refunds of employee contributions	(48,398,964)	(69,499,682)	(45,891,602)	(67,096,452)	(43,186,575)	(64,544,773)
Net Plan to Plan Resource Movement	-	-	-	-	(1,444)	(1,796.00)
Administrative expenses	(910,287)	(1,109,255)	(444,887)	(551,981)	(924,871)	(1,170,514)
Other Miscellaneous Income/(Expense)	-	-	1,444	1,796	(1,756,345)	(2,222,827)
Net change in Fiduciary Net position	16,531,881	6,637,474	22,284,155	13,349,965	29,899,608	22,332,529
Plan Fiduciary Net Position - Beginning	645,705,698	786,842,653	623,421,543	773,492,688	593,521,935	751,160,159
Plan Fiduciary Net Position - Ending (b)	\$ <u>662,237,579</u>	\$ <u>793,480,127</u>	\$ <u>645,705,698</u>	\$ <u>786,842,653</u>	\$ <u>623,421,543</u>	\$ <u>773,492,688</u>
Plan Net Pension Liability/(Asset) Ending (a) - (b)	\$ <u>297,381,325</u>	\$ <u>403,379,087</u>	\$ <u>283,808,398</u>	\$ <u>380,972,437</u>	\$ <u>275,368,226</u>	\$ <u>355,551,882</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.01%	66.30%	69.47%	67.38%	69.36%	68.51%
Covered payroll	\$ 64,563,229	\$ 47,789,799	\$ 59,686,019	\$ 41,120,637	\$ 60,481,440	\$ 38,001,725
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	460.60%	844.07%	475.50%	926.48%	455.29%	935.62%

(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 seven 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, 2021

**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, 2018</u>		<u>June 30, 2017</u>		<u>June 30, 2016</u>		<u>June 30, 2015</u>	
June 30, 2017		June 30, 2016		June 30, 2015		June 30, 2014	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
\$ 11,036,864	\$ 11,809,664	\$ 9,746,396	\$ 10,455,350	\$ 9,672,344	\$ 10,747,904	\$ 10,195,939	\$ 11,422,391
59,176,108	75,330,724	58,091,618	74,975,420	56,329,663	72,730,571	54,166,684	70,618,409
-	-	-	-	-	-	-	-
(10,220,370)	(12,297,897)	(5,558,589)	4,319,662	(900,398)	(955,751)	-	-
49,432,900	60,902,020	-	-	(13,889,017)	(17,407,256)	-	-
<u>(40,256,356)</u>	<u>(62,009,422)</u>	<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>
69,169,146	73,735,089	23,684,884	29,347,219	14,910,427	8,903,841	30,267,984	29,866,569
803,035,091	1,030,072,341	779,350,207	1,000,725,122	764,439,780	991,821,281	734,171,796	961,954,712
<u>\$ 872,204,237</u>	<u>\$ 1,103,807,430</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>
\$ 18,415,225	\$ 20,329,015	\$ 16,951,369	\$ 17,021,875	\$ 14,336,768	\$ 15,096,410	\$ 12,836,905	\$ 11,118,596
4,850,487	3,670,011	4,876,243	3,625,596	4,982,824	3,829,695	5,076,392	3,758,344
60,753,784	77,563,585	2,859,074	3,667,781	12,722,834	17,008,914	85,824,721	117,187,596
(40,256,356)	(62,009,422)	(38,594,541)	(60,403,213)	(36,302,165)	(56,211,627)	(34,094,639)	(52,174,231)
-	-	497	(497)	63	-	-	-
(812,882)	(1,052,193)	(344,230)	(456,601)	(635,613)	(843,530)	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
42,950,258	38,500,996	(14,251,588)	(36,545,059)	(4,895,289)	(21,120,138)	69,643,379	79,890,305
550,571,677	712,659,163	564,823,265	749,204,222	569,718,554	770,324,360	500,075,175	690,434,055
<u>\$ 593,521,935</u>	<u>\$ 751,160,159</u>	<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>\$ 278,682,302</u>	<u>\$ 352,647,271</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>
68.05%	68.05%	68.56%	69.19%	72.47%	74.87%	74.53%	77.67%
\$ 59,794,476	\$ 36,014,956	\$ 59,115,644	\$ 35,670,399	\$ 58,022,457	\$ 36,512,787	\$ 57,613,942	\$ 37,782,453
466.07%	979.17%	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, 2019 to June 30, 2020:

There were no significant changes of assumptions.

From Fiscal Year June 30, 2020 to June 30, 2021:

There were no significant changes of assumptions.

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

For the Year Ended June 30, 2021

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

Fiscal year ended	2021		2020		2019	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Actuarially Determined Contribution	\$ 30,817,795	\$ 37,379,534	\$ 28,459,807	\$ 33,630,219	\$ 24,143,358	\$ 27,718,529
Contributions in Relation to the Actuarially Determined Contribution	<u>(30,817,795)</u>	<u>(37,379,534)</u>	<u>(28,459,807)</u>	<u>(33,630,219)</u>	<u>(24,143,358)</u>	<u>(27,718,529)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 68,085,845	\$ 50,955,466	\$ 64,563,229	\$ 47,789,799	\$ 59,686,019	\$ 41,120,637
Contributions as a Percentage of Covered Payroll	45.26%	73.36%	44.08%	70.37%	40.45%	67.41%

(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 seven years are shown.

Notes to Schedule:

Fiscal year ended	2021		2020		2019	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Valuation Date	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
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					
Actuarial Assumptions:						
Discount Rate	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%
Inflation	2.625%	2.625%	2.63%	2.63%	2.75%	2.75%
Projected Salary Increase	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.25% ⁽³⁾	7.25% ⁽³⁾	7.25% ⁽³⁾	7.25% ⁽³⁾	7.375% ⁽³⁾	7.375% ⁽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, 2021

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

2018		2017		2016		2015	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
\$ 21,182,283	\$ 24,212,791	\$ 18,407,185	\$ 20,199,997	\$ 16,941,372	\$ 17,016,579	\$ 14,518,009	\$ 14,690,045
(21,182,283)	(24,212,791)	(18,407,185)	(20,199,997)	(16,941,372)	(17,016,579)	(14,518,009)	(14,690,045)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 60,481,440	\$ 38,001,725	\$ 59,794,476	\$ 36,014,956	\$ 59,115,644	\$ 35,670,399	\$ 58,022,457	\$ 36,512,787
35.02%	63.71%	30.78%	56.09%	28.66%	47.71%	25.02%	40.23%

Notes to Schedule:

2018		2017		2016		2015	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014	June 30, 2013	June 30, 2013	June 30, 2012	June 30, 2012
Entry-Age Normal	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal				
Cost Method	Cost Method	Cost Method	Cost Method				
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Market Value	Market Value	Market Value	Market Value				
7.15%	7.15%	7.65%	7.65%	7.65%	7.65%	7.50%	7.50%
2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
(2)	(2)	(2)	(2)	3.3% - 24.2% ⁽²⁾	3.3% - 24.2% ⁽²⁾	Varies by Entry	Varies by Entry
7.5% ⁽³⁾	7.5% ⁽³⁾	Age and Service	Age and Service				
(4)	(4)	(4)	(4)	(4)	(4)	7.5% ⁽³⁾	7.5% ⁽³⁾
						(4)	(4)

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

For the Year Ended June 30, 2021

**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	2021	2020	2019
Total Pension Liability			
Service cost	\$ -	\$ -	\$ -
Interest on the total pension liability	57,246	81,361	87,013
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	20,620	(70,232)	15,006
Effect of assumptions changes or inputs	22,358	381,181	100,758
Benefit payments	(125,012)	(127,739)	(125,234)
Net Change in Total Pension Liability	(24,788)	264,571	77,543
Total Pension Liability - Beginning	2,652,528	2,387,957	2,310,414
Total Pension Liability - Ending (a)	\$ 2,627,740	\$ 2,652,528	\$ 2,387,957
Plan Fiduciary Net Position			
Employer Contributions	138,938	136,213	133,543
Member Contributions	-	-	-
Net investment income net of investment expenses	17	820	1,543
Benefit payments	(125,012)	(127,739)	(125,234)
Administrative expenses	(7,401)	(7,256)	(7,114)
Net change in Fiduciary Net position	6,542	2,038	2,738
Plan Fiduciary Net Position - Beginning	69,063	67,025	64,287
Plan Fiduciary Net Position - Ending (b)	\$ 75,605	\$ 69,063	\$ 67,025
Plan Net Pension Liability/(Asset) Ending (a) - (b)	\$ 2,552,135	\$ 2,583,465	\$ 2,320,932
Plan Fiduciary Net Position as a Percentage of the			
Total Pension Liability	2.88%	2.60%	2.81%
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 seven years are shown.

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

For the Year Ended June 30, 2021

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

2018		2017		2016		2015
-	\$	-	\$	-	\$	-
84,322		74,777		74,810		85,299
-		-		-		-
14,150		14,037		20,818		14,220
(81,490)		(235,753)		558,088		118,428
(122,778)		(120,371)		(118,011)		(115,697)
(105,796)		(267,310)		535,705		102,250
2,416,210		2,683,520		2,147,815		2,045,565
2,310,414	\$	2,416,210	\$	2,683,520	\$	2,147,815
130,924		128,357		125,840		123,373
-		-		-		-
671		198		42		-
(122,778)		(120,371)		(118,011)		(115,697)
(6,976)		(6,838)		(13,132)		(148)
1,841		1,346		(5,261)		7,528
62,446		61,100		66,361		58,833
64,287	\$	62,446	\$	61,100	\$	66,361
2,246,127	\$	2,353,764	\$	2,622,420	\$	2,081,454
2.78%		2.58%		2.28%		3.09%
N/A		N/A		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, 2021

**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
2021	198,327	138,938	59,389	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	2021	2020	2019	2018	2017	2016	2015
Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial Cost Method	Entry-Age Normal						
Amortization Method:							
Level percent or level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Closed, open, or layered periods	Closed						
Amortization period	11 years	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%	0.00%
Asset Valuation Method:							
Smoothing period	None						
Recognition method	None						
Corridor	None						
Actuarial Assumptions							
Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Salary increases including inflati	None						
Long-term investment rate of re	6.00%	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%	2.00%
Mortality	(A)	(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, 2021

**Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Ten Fiscal Years ^{(1) (2)}**

Fiscal year ended Measurement period	June 30, 2021 June 30, 2020	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	\$ 1,753,882	\$ 1,399,500	1,308,802	\$ 1,414,074
Interest on total OPEB liability	1,509,110	1,706,665	1,718,488	1,555,806
Actual vs. expected experience	-	872,243	-	-
Changes in assumptions	583,000	(5,711,635)	1,248,914	(3,589,376)
Benefit payments, including refunds of	(1,562,712)	(2,040,940)	(1,959,112)	(1,603,472)
Net Change in Total OPEB Liability	2,283,280	(3,774,167)	2,317,092	(2,222,968) (b)
Total OPEB Liability - Beginning of Year	53,117,454	56,891,621	54,574,529	56,797,497 (a)
Total OPEB Liability - Ending (a)-(b)	<u>\$ 55,400,734</u>	<u>\$ 53,117,454</u>	<u>56,891,621</u>	<u>\$ 54,574,529</u>
Covered employee payroll	\$ 47,116,316	\$ 43,457,755	45,109,856	\$ 47,394,045
Total OPEB liability as percentage of covered payroll	117.58%	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 four years are shown.

(2) No assets are accumulated in a trust to pay related benefits.

Notes to Schedule:

Fiscal year ended	2021	2020	2019	2018
Valuation Date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Funding Method	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal
Discount Rate	2.66%	2.79%	2.98%	3.13%
Participants Valued	(A)	(A)	(A)	(A)
Salary Increase	3% per year	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	2.75% per year
Mortality	(B)	(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%).

From Fiscal Year June 30, 2020 to June 30, 2021: The discount rate was changed from 2.79% to 2.66%.



CITY OF SANTA ANA, CALIFORNIA
Annual
Comprehensive Financial
Report

CITY OF SANTA ANA, CALIFORNIA

Supplementary Schedules

**Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets				
Cash and investments	\$ 14,072,429	\$ 79,950	\$ 38,177,117	\$ 52,329,496
Receivables:				
Interest	21,241	-	57,087	78,328
Accounts	90,593	-	-	90,593
Intergovernmental	989,522	-	9,598,219	10,587,741
Loans and notes	-	-	28,945,000	28,945,000
Restricted assets:				
Cash and investments	-	-	2,640,812	2,640,812
Cash and investments with fiscal agents	-	-	6,416	6,416
Land held for resale	-	-	75,000	75,000
 Total assets	 <u>15,173,785</u>	 <u>\$ 79,950</u>	 <u>\$ 79,499,651</u>	 <u>\$ 94,753,386</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities:				
Accounts payable	202,508	-	1,636,731	1,839,239
Retention payable	189,612	-	322,411	512,023
Due to other funds	426,323	-	8,223,884	8,650,207
Unearned revenue	-	-	88,404	88,404
 Total liabilities	 <u>818,443</u>	 <u>-</u>	 <u>10,271,430</u>	 <u>11,089,873</u>
Deferred inflows of resources:				
Unavailable revenues	479,494	-	9,505,497	9,984,991
Fund balances:				
Restricted	14,197,415	79,950	69,377,267	83,654,632
Unassigned	(321,567)	-	(9,654,543)	(9,976,110)
 Total fund balances	 <u>13,875,848</u>	 <u>79,950</u>	 <u>59,722,724</u>	 <u>73,678,522</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 15,173,785</u>	 <u>\$ 79,950</u>	 <u>\$ 79,499,651</u>	 <u>\$ 94,753,386</u>

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues:				
Taxes	\$ -	\$ -	\$ 197,646	\$ 197,646
Intergovernmental	5,116,062	-	5,549,720	10,665,782
Charges for services	1,026,125	-	-	1,026,125
Investment income	123,749	26	443,964	567,739
Cost recoveries	694,210	-	4,598,521	5,292,731
Miscellaneous	-	-	3,714,528	3,714,528
Total revenues	<u>6,960,146</u>	<u>26</u>	<u>14,504,379</u>	<u>21,464,551</u>
Expenditures:				
Current:				
Human resources	43,587	-	-	43,587
Recreation and community services	3,447,968	-	282,579	3,730,547
Police department	1,836,391	-	-	1,836,391
Planning and building	143,074	-	-	143,074
Public works	7,947	-	1,829	9,776
Community development	-	-	3,403,100	3,403,100
Capital outlay	2,580,837	-	12,840,390	15,421,227
Debt Service:				
Principal retirement	-	8,060,000	-	8,060,000
Interest and fiscal charges	-	1,722,439	-	1,722,439
Total expenditures	<u>8,059,804</u>	<u>9,782,439</u>	<u>16,527,898</u>	<u>34,370,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,099,658)</u>	<u>(9,782,413)</u>	<u>(2,023,519)</u>	<u>(12,905,590)</u>
Other financing sources:				
Transfers in	<u>600,000</u>	<u>9,702,846</u>	<u>-</u>	<u>10,302,846</u>
Total other financing sources	<u>600,000</u>	<u>9,702,846</u>	<u>-</u>	<u>10,302,846</u>
Net change in fund balances	(499,658)	(79,567)	(2,023,519)	(2,602,744)
Fund balances - beginning	<u>14,375,506</u>	<u>159,517</u>	<u>61,746,243</u>	<u>76,281,266</u>
Fund balances - ending	<u>\$ 13,875,848</u>	<u>\$ 79,950</u>	<u>\$ 59,722,724</u>	<u>\$ 73,678,522</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, 2021**

	Sewer Connection Fee	Civic Center Maintenance
Assets		
Cash and investments	\$ 11,125,021	\$ -
Receivables:		
Interest	16,853	-
Accounts	-	-
Intergovernmental	-	766,089
Total assets	11,141,874	766,089
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	780	189,254
Retention payable	189,612	-
Due to other funds	-	426,323
Total liabilities	190,392	615,577
Deferred inflows of resources:		
Unavailable revenues	5,883	472,079
Fund balances (deficit):		
Restricted	10,945,599	-
Unassigned	-	(321,567)
Total fund balances (deficit)	10,945,599	(321,567)
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,141,874	\$ 766,089

NONMAJOR SPECIAL REVENUE FUNDS

	Air Quality Improvement	Total
Inmate Welfare		
\$ 1,440,645	\$ 1,506,763	\$ 14,072,429
2,121	2,267	21,241
90,593	-	90,593
-	223,433	989,522
1,533,359	1,732,463	15,173,785
1,300	11,174	202,508
-	-	189,612
1,300	11,174	818,443
741	791	479,494
1,531,318	1,720,498	14,197,415
-	-	(321,567)
1,531,318	1,720,498	13,875,848
\$ 1,533,359	\$ 1,732,463	\$ 15,173,785

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2021

	Sewer Connection Fee	Civic Center Maintenance	Inmate Welfare	Air Quality Improvement	Total
Revenues:					
Intergovernmental	\$ -	\$ 4,572,864	\$ -	\$ 543,198	\$ 5,116,062
Charges for services	1,026,125	-	-	-	1,026,125
Investment income	100,610	-	10,485	12,654	123,749
Cost recoveries	-	-	693,715	495	694,210
Total revenues	<u>1,126,735</u>	<u>4,572,864</u>	<u>704,200</u>	<u>556,347</u>	<u>6,960,146</u>
Expenditures:					
Current:					
Human resources	-	-	-	43,587	43,587
Recreation and community services	-	3,447,968	-	-	3,447,968
Police department	-	1,651,998	184,393	-	1,836,391
Planning and building	-	-	-	143,074	143,074
Public works	-	-	-	7,947	7,947
Capital Outlay	<u>2,539,351</u>	<u>-</u>	<u>-</u>	<u>41,486</u>	<u>2,580,837</u>
Total expenditures	<u>2,539,351</u>	<u>5,099,966</u>	<u>184,393</u>	<u>236,094</u>	<u>8,059,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,412,616)</u>	<u>(527,102)</u>	<u>519,807</u>	<u>320,253</u>	<u>(1,099,658)</u>
Other financing sources:					
Transfers in	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>600,000</u>
Total other financing sources	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>600,000</u>
Net change in fund balances	(1,412,616)	72,898	519,807	320,253	(499,658)
Fund balances (deficit) - beginning	<u>12,358,215</u>	<u>(394,465)</u>	<u>1,011,511</u>	<u>1,400,245</u>	<u>14,375,506</u>
Fund balances (deficit) - ending	<u>\$ 10,945,599</u>	<u>\$ (321,567)</u>	<u>\$ 1,531,318</u>	<u>\$ 1,720,498</u>	<u>\$ 13,875,848</u>

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds
Sewer Connection Fee
Budgetary Comparison Schedule
Year ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 509,240	\$ 509,240	\$ 1,026,125	\$ 516,885
Investment income	<u>210,000</u>	<u>210,000</u>	<u>100,610</u>	<u>(109,390)</u>
Total revenues	<u>719,240</u>	<u>719,240</u>	<u>1,126,735</u>	<u>407,495</u>
Expenditures:				
Capital Outlay	<u>-</u>	<u>11,005,401</u>	<u>2,539,351</u>	<u>8,466,050</u>
Total expenditures	<u>-</u>	<u>11,005,401</u>	<u>2,539,351</u>	<u>8,466,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>719,240</u>	<u>(10,286,161)</u>	<u>(1,412,616)</u>	<u>8,873,545</u>
Net change in fund balance	719,240	(10,286,161)	(1,412,616)	8,873,545
Fund balance - beginning	<u>12,358,215</u>	<u>12,358,215</u>	<u>12,358,215</u>	<u>-</u>
Fund balance - ending	<u>\$ 13,077,455</u>	<u>\$ 2,072,054</u>	<u>\$ 10,945,599</u>	<u>\$ 8,873,545</u>

Nonmajor Special Revenue Funds
Civic Center Maintenance
Budgetary Comparison Schedule
Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 7,658,200	\$ 7,658,200	\$ 4,572,864	\$ (3,085,336)
Total revenues	7,658,200	7,658,200	4,572,864	(3,085,336)
Expenditures:				
Current:				
Recreation and community services	6,612,220	5,147,410	3,447,968	1,699,442
Police department	2,225,380	2,225,380	1,651,998	573,382
Total expenditures	8,837,600	7,372,790	5,099,966	2,272,824
Excess (deficiency) of revenues over (under) expenditures	(1,179,400)	285,410	(527,102)	(812,512)
Other financing sources:				
Transfers in	1,179,400	600,000	600,000	-
Total other financing sources	1,179,400	600,000	600,000	-
Net change in fund balance	-	885,410	72,898	(812,512)
Fund balance (deficit) - beginning	(394,465)	(394,465)	(394,465)	-
Fund balance (deficit) - ending	\$ (394,465)	\$ 490,945	\$ (321,567)	\$ (812,512)

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds
Inmate Welfare
Budgetary Comparison Schedule
Year ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 10,485	\$ 10,485
Cost recoveries	1,693,360	1,693,360	693,715	(999,645)
Total revenues	<u>1,693,360</u>	<u>1,693,360</u>	<u>704,200</u>	<u>(989,160)</u>
Expenditures:				
Current:				
Police department	1,693,360	1,699,410	184,393	1,515,017
Capital Outlay	-	6,050	-	(6,050)
Total expenditures	<u>1,693,360</u>	<u>1,705,460</u>	<u>184,393</u>	<u>1,508,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(12,100)</u>	<u>519,807</u>	<u>519,807</u>
Net change in fund balance	-	(12,100)	519,807	519,807
Fund balance - beginning	<u>1,011,511</u>	<u>1,011,511</u>	<u>1,011,511</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 1,011,511</u></u>	<u><u>\$ 999,411</u></u>	<u><u>\$ 1,531,318</u></u>	<u><u>\$ 519,807</u></u>

CITY OF SANTA ANA

**Nonmajor Special Revenue Funds
Air Quality Improvement
Budgetary Comparison Schedule
Year ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 640,000	\$ 640,000	\$ 543,198	\$ (96,802)
Investment income	3,000	3,000	12,654	9,654
Cost recoveries	2,000	2,000	495	(1,505)
Total revenues	645,000	645,000	556,347	(88,653)
Expenditures:				
Current:				
Human resources	145,130	145,130	43,587	101,543
Planning and building	322,130	322,130	143,074	179,056
Public works	-	-	7,947	(7,947)
Capital Outlay	1,000,000	1,000,000	41,486	958,514
Total expenditures	1,467,260	1,467,260	236,094	1,231,166
Excess (deficiency) of revenues over (under) expenditures	(822,260)	(822,260)	320,253	1,142,513
Net change in fund balance	(822,260)	(822,260)	320,253	1,142,513
Fund balance - beginning	1,400,245	1,400,245	1,400,245	-
Fund balance (deficit) - ending	\$ 577,985	\$ 577,985	\$ 1,720,498	\$ 1,142,513

Nonmajor Debt Service Funds

The following Capital Projects Funds have been classified as nonmajor in the accompanying financial statements:

Santa Ana Financing Authority (SAFA) – This fund accounts for the receipts of revenues and payments of debt service related to the Police Administration and Holding Facility Lease Revenue Bonds and 2014 Private Placement Financing.

**Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2021**

	<u>Debt Service SAFA</u>
Assets	
Cash and investments	\$ 79,950
Total assets	<u>79,950</u>
Liabilities, deferred inflows of resources, and fund balances	
Fund balances (deficit):	
Restricted	<u>79,950</u>
Total fund balances (deficit)	<u>79,950</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>79,950</u>



CITY OF SANTA ANA, CALIFORNIA
Annual
Comprehensive Financial
Report

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.

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

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, 2021**

	Capital Grants	Drainage Construction
Assets		
Cash and investments	\$ 111,614	\$ 3,559,588
Interest	25	5,224
Intergovernmental	9,598,219	-
Loans and notes	-	-
Cash and investments	-	-
Cash and investments with fiscal agents	-	-
Land held for resale	-	-
Total assets	<u>9,709,858</u>	<u>3,564,812</u>
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	1,247,287	54,516
Retention payable	296,022	2,483
Due to other funds	8,223,884	-
Unearned revenue	88,404	-
Total liabilities	<u>9,855,597</u>	<u>56,999</u>
Deferred inflows of resources:		
Unavailable revenues	<u>9,485,577</u>	<u>1,824</u>
Fund balances (deficit):		
Restricted	23,227	3,505,989
Unassigned	<u>(9,654,543)</u>	<u>-</u>
Total fund balances (deficit)	<u>(9,631,316)</u>	<u>3,505,989</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,709,858</u>	<u>\$ 3,564,812</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Community Development	Housing Successor Agency	Inclusionary Housing Fee	Total
\$ 18,696,762	\$ 2,007,555	\$ 3,613,718	\$ 10,187,880	\$ 38,177,117
27,526	3,885	5,336	15,091	57,087
-	-	-	-	9,598,219
-	-	22,720,000	6,225,000	28,945,000
-	2,640,812	-	-	2,640,812
-	-	6,416	-	6,416
-	-	75,000	-	75,000
<u>18,724,288</u>	<u>4,652,252</u>	<u>26,420,470</u>	<u>16,427,971</u>	<u>79,499,651</u>
196,495	137,470	903	60	1,636,731
16,671	7,235	-	-	322,411
-	-	-	-	8,223,884
-	-	-	-	88,404
<u>213,166</u>	<u>144,705</u>	<u>903</u>	<u>60</u>	<u>10,271,430</u>
<u>9,609</u>	<u>1,356</u>	<u>1,863</u>	<u>5,268</u>	<u>9,505,497</u>
18,501,513	4,506,191	26,417,704	16,422,643	69,377,267
-	-	-	-	(9,654,543)
<u>18,501,513</u>	<u>4,506,191</u>	<u>26,417,704</u>	<u>16,422,643</u>	<u>59,722,724</u>
<u>\$ 18,724,288</u>	<u>\$ 4,652,252</u>	<u>\$ 26,420,470</u>	<u>\$ 16,427,971</u>	<u>\$ 79,499,651</u>

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2021

	Capital Grants	Drainage Construction
Revenues:		
Taxes	\$ -	\$ 197,646
Intergovernmental	5,549,720	-
Investment income	144	29,310
Cost recoveries	-	-
Miscellaneous	-	-
Total revenues	<u>5,549,864</u>	<u>226,956</u>
Expenditures:		
Current:		
Recreation and community services	-	-
Public Works	-	1,829
Community development	-	-
Capital outlay	<u>10,475,728</u>	<u>123,209</u>
Total expenditures	<u>10,475,728</u>	<u>125,038</u>
Net change in fund balances	<u>(4,925,864)</u>	<u>101,918</u>
Fund balances (deficit) - beginning	<u>(4,705,452)</u>	<u>3,404,071</u>
Fund balances (deficit) - ending	<u><u>\$ (9,631,316)</u></u>	<u><u>\$ 3,505,989</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Community Development	Housing Successor Agency	Inclusionary Housing Fee	Total
\$ -	\$ -	\$ -	\$ -	197,646
-	-	-	-	5,549,720
146,093	22,266	168,401	77,750	443,964
4,590,616	-	-	7,905	4,598,521
-	-	2,205	3,712,323	3,714,528
<u>4,736,709</u>	<u>22,266</u>	<u>170,606</u>	<u>3,797,978</u>	<u>14,504,379</u>
282,579	-	-	-	282,579
-	-	-	-	1,829
-	-	2,950,487	452,613	3,403,100
<u>901,062</u>	<u>1,340,391</u>	<u>-</u>	<u>-</u>	<u>12,840,390</u>
<u>1,183,641</u>	<u>1,340,391</u>	<u>2,950,487</u>	<u>452,613</u>	<u>16,527,898</u>
<u>3,553,068</u>	<u>(1,318,125)</u>	<u>(2,779,881)</u>	<u>3,345,365</u>	<u>(2,023,519)</u>
<u>14,948,445</u>	<u>5,824,316</u>	<u>29,197,585</u>	<u>13,077,278</u>	<u>61,746,243</u>
<u>\$ 18,501,513</u>	<u>\$ 4,506,191</u>	<u>\$ 26,417,704</u>	<u>\$ 16,422,643</u>	<u>\$ 59,722,724</u>



CITY OF SANTA ANA, CALIFORNIA
Annual
Comprehensive Financial
Report

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.

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

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

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, 2021

	Refuse Collections	Sanitation
Assets:		
Current assets:		
Cash and investments	\$ 5,559,566	\$ 6,988,060
Receivables:		
Interest	8,502	10,436
Accounts, net of allowances	2,619,052	927,610
Intergovernmental	82,199	-
Total current assets	<u>8,269,319</u>	<u>7,926,106</u>
Noncurrent assets:		
Capital assets:		
Land	-	-
Buildings	-	-
Improvements other than buildings	-	-
Equipment	32,137	1,945,968
Parking structures	-	-
Construction in progress	-	-
Less accumulated depreciation	(14,997)	(126,539)
Total noncurrent assets	<u>17,140</u>	<u>1,819,429</u>
Total assets	<u>8,286,459</u>	<u>9,745,535</u>
Deferred outflows of resources:		
Deferred amounts on pension plans	81,624	1,130,659
Deferred amounts on OPEB plan	22,946	110,212
Total deferred outflows of resources	<u>104,570</u>	<u>1,240,871</u>
Liabilities:		
Current liabilities:		
Accounts payable	52,119	160,373
Retention payable	-	-
Due to other funds	-	-
Compensated absences payable	11,576	90,422
Total OPEB liability	15,305	73,508
Deposits payable	-	-
Total current liabilities	<u>79,000</u>	<u>324,303</u>
Noncurrent liabilities:		
Compensated absences payable	34,728	271,266
Net pension liability	644,903	8,933,551
Total OPEB liability	402,268	1,932,069
Total noncurrent liabilities	<u>1,081,899</u>	<u>11,136,886</u>
Total liabilities	<u>1,160,899</u>	<u>11,461,189</u>
Deferred inflows of resources:		
Deferred amounts on OPEB plan	29,500	141,689
Total deferred inflow of resources	<u>29,500</u>	<u>141,689</u>
Net position:		
Net investment in capital assets	17,140	1,819,429
Restricted for:		
National Pollution Discharge Elimination System	-	-
Unrestricted	7,183,490	(2,435,901)
Total net position	<u>\$ 7,200,630</u>	<u>\$ (616,472)</u>

NONMAJOR ENTERPRISE FUNDS

Parking	Transportation Center	Federal Clean Water Protection	Total
\$ 9,421	\$ -	\$ 4,668,729	\$ 17,225,776
12	-	6,875	25,825
167,938	-	217,661	3,932,261
-	-	-	82,199
<u>177,371</u>	<u>-</u>	<u>4,893,265</u>	<u>21,266,061</u>
3,591,049	3,792,491	-	7,383,540
-	8,607,909	-	8,607,909
-	3,649,549	8,467,627	12,117,176
528,164	-	44,223	2,550,492
17,884,119	4,817,296	-	22,701,415
-	-	994,913	994,913
<u>(10,218,008)</u>	<u>(13,512,418)</u>	<u>(538,926)</u>	<u>(24,410,888)</u>
<u>11,785,324</u>	<u>7,354,827</u>	<u>8,967,837</u>	<u>29,944,557</u>
<u>11,962,695</u>	<u>7,354,827</u>	<u>13,861,102</u>	<u>51,210,618</u>
318,558	-	350,153	1,880,994
24,010	2,180	24,564	183,912
<u>342,568</u>	<u>2,180</u>	<u>374,717</u>	<u>2,064,906</u>
104,180	33,478	157,931	508,081
-	-	40,922	40,922
-	1,750,660	-	1,750,660
26,963	12,070	1,862	142,893
16,014	1,455	16,384	122,666
-	11,000	-	11,000
<u>147,157</u>	<u>1,808,663</u>	<u>217,099</u>	<u>2,576,222</u>
80,888	36,210	5,586	428,678
2,517,025	-	2,766,635	14,862,114
420,894	38,230	430,619	3,224,080
<u>3,018,807</u>	<u>74,440</u>	<u>3,202,840</u>	<u>18,514,872</u>
<u>3,165,964</u>	<u>1,883,103</u>	<u>3,419,939</u>	<u>21,091,094</u>
30,868	2,803	31,580	236,440
<u>30,868</u>	<u>2,803</u>	<u>31,580</u>	<u>236,440</u>
11,785,324	7,354,827	8,926,915	29,903,635
-	-	1,857,385	1,857,385
<u>(2,676,893)</u>	<u>(1,883,726)</u>	<u>-</u>	<u>186,970</u>
<u>\$ 9,108,431</u>	<u>\$ 5,471,101</u>	<u>\$ 10,784,300</u>	<u>\$ 31,947,990</u>

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2021

	<u>Refuse Collections</u>	<u>Sanitation</u>
Operating revenues:		
Charges for services	\$ 13,211,032	\$ 5,742,958
Miscellaneous	-	2,561
	<u>13,211,032</u>	<u>5,745,519</u>
Total operating revenues		
Operating expenses:		
Personnel services	422,960	2,069,690
Contractual services	10,536,797	1,397,013
Materials and supplies	29,579	195,326
Administrative charges	921,985	1,422,824
Depreciation	3,214	108,651
	<u>11,914,535</u>	<u>5,193,504</u>
Total operating expenses		
Operating income (loss)	<u>1,296,497</u>	<u>552,015</u>
Nonoperating revenues (expenses):		
Intergovernmental	196,560	-
Investment earnings	54,816	57,614
Loss on disposal of capital assets	-	-
	<u>251,376</u>	<u>57,614</u>
Total nonoperating revenues (expenses)		
Income (loss) before transfers and capital contributions	<u>1,547,873</u>	<u>609,629</u>
Capital contributions	-	-
Transfers in	-	200,000
Transfers out	<u>(1,033,375)</u>	<u>(3,942)</u>
Change in net position	<u>514,498</u>	<u>805,687</u>
Net position - beginning	<u>6,686,132</u>	<u>(1,422,159)</u>
Net position - ending	<u>\$ 7,200,630</u>	<u>\$ (616,472)</u>

NONMAJOR ENTERPRISE FUND

Parking	Transportation Center	Federal Clean Water Protection	Total
\$ 2,749,771 538,850	\$ 462,178 1,951	\$ 964,445 -	\$ 23,130,384 543,362
3,288,621	464,129	964,445	23,673,746
745,465 2,002,936 29,419 281,872 407,105	169,085 700,647 18,390 117,920 430,262	426,668 2,036,288 5,984 515,315 195,139	3,833,868 16,673,681 278,698 3,259,916 1,144,371
3,466,797	1,436,304	3,179,394	25,190,534
(178,176)	(972,175)	(2,214,949)	(1,516,788)
- 16 -	- - (487,092)	- 39,879 -	196,560 152,325 (487,092)
16	(487,092)	39,879	(138,207)
(178,160)	(1,459,267)	(2,175,070)	(1,654,995)
- 400,000 (450)	- 1,100,000 -	2,900,452 2,581,695 (200,000)	2,900,452 4,281,695 (1,237,767)
221,390	(359,267)	3,107,077	4,289,385
8,887,041	5,830,368	7,677,223	27,658,605
\$ 9,108,431	\$ 5,471,101	\$ 10,784,300	\$ 31,947,990

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2021

	Refuse Collections	Sanitation
Cash flows from operating activities:		
Receipts from customers	\$ 13,838,080	\$ 5,688,761
Receipts from other operating sources	-	2,561
Payments to suppliers for goods and services	(11,638,259)	(2,931,943)
Payments to employees	(477,626)	(1,924,811)
Net cash provided (used) by operating activities	<u>1,722,195</u>	<u>834,568</u>
Cash flows from noncapital financing activities:		
Intergovernment contribution	196,560	-
Transfer in	-	200,000
Transfer out	(1,033,375)	(3,942)
Payment of interfund balances	-	-
Net cash provided (used) by noncapital financing activities	<u>(836,815)</u>	<u>196,058</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(1,396,879)
Net cash used by capital and related financing activities	<u>-</u>	<u>(1,396,879)</u>
Cash flows from investing activities:		
Interest received	<u>60,747</u>	<u>69,455</u>
Net cash provided by investing activities	<u>60,747</u>	<u>69,455</u>
Net increase (decrease) in cash and cash equivalents	946,127	(296,798)
Cash and cash equivalents - beginning	<u>4,613,439</u>	<u>7,284,858</u>
Cash and cash equivalents - ending	<u>\$ 5,559,566</u>	<u>\$ 6,988,060</u>

Parking	Transportation Center	Federal Clean Water Protection	Total
\$ 2,581,833	\$ 462,178	\$ 824,057	\$ 23,394,909
479,543	1,951	-	484,055
(2,417,760)	(894,581)	(2,789,663)	(20,672,206)
<u>(1,033,832)</u>	<u>(120,571)</u>	<u>(505,885)</u>	<u>(4,062,725)</u>
<u>(390,216)</u>	<u>(551,023)</u>	<u>(2,471,491)</u>	<u>(855,967)</u>
-	-	-	196,560
400,000	1,100,000	2,581,695	4,281,695
(450)	-	(200,000)	(1,237,767)
<u>-</u>	<u>(61,885)</u>	<u>-</u>	<u>(61,885)</u>
<u>399,550</u>	<u>1,038,115</u>	<u>2,381,695</u>	<u>3,178,603</u>
-	(487,092)	(1,112,830)	(2,996,801)
<u>-</u>	<u>(487,092)</u>	<u>(1,112,830)</u>	<u>(2,996,801)</u>
<u>87</u>	<u>-</u>	<u>50,330</u>	<u>180,619</u>
<u>87</u>	<u>-</u>	<u>50,330</u>	<u>180,619</u>
9,421	-	(1,152,296)	(493,546)
<u>-</u>	<u>-</u>	<u>5,821,025</u>	<u>17,719,322</u>
<u>\$ 9,421</u>	<u>\$ -</u>	<u>\$ 4,668,729</u>	<u>\$ 17,225,776</u>

Continued

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2021

	<u>Refuse Collections</u>	<u>Sanitation</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 1,296,497	\$ 552,015
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	3,214	108,651
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	627,048	(54,197)
Decrease (increase) in deferred outflows from pension	(16,888)	(233,973)
Decrease (increase) in deferred outflows from OPEB	(613)	(2,949)
Increase (decrease) in accounts payable	(67,847)	83,220
Increase (decrease) in compensated absences payable	(64,976)	68,912
Increase (decrease) in retention payable	-	-
Increase (decrease) in grant advances	(78,837)	-
Increase (decrease) in net pension liability	29,435	407,741
Increase (decrease) in total OPEB liability	17,214	82,682
Increase (decrease) in deferred inflows from pension	(7,915)	(109,636)
Increase (decrease) in deferred inflows from OPEB	(14,137)	(67,898)
Net cash provided (used) by operating activities	\$ <u>1,722,195</u>	\$ <u>834,568</u>

<u>Parking</u>	<u>Transportation Center</u>	<u>Federal Clean Water Protection</u>	<u>Total</u>
\$ (178,176) \$	(972,175) \$	(2,214,949) \$	(1,516,788)
407,105	430,262	195,139	1,144,371
(167,938)	-	(140,388)	264,525
(65,920)	-	(72,456)	(389,237)
(643)	(58)	(658)	(4,921)
(162,840)	(46,407)	(232,076)	(425,950)
(309,004)	48,280	(101,715)	(358,503)
-	(11,217)	-	(11,217)
-	-	-	(78,837)
114,881	-	126,273	678,330
18,012	1,636	18,429	137,973
(30,902)	-	(33,957)	(182,410)
(14,791)	(1,344)	(15,133)	(113,303)
<u>\$ (390,216) \$</u>	<u>(551,023) \$</u>	<u>(2,471,491) \$</u>	<u>(855,967)</u>



CITY OF SANTA ANA, CALIFORNIA
Annual
Comprehensive Financial
Report

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, 2021

	Central Services	Building Maintenance
Assets:		
Current assets:		
Cash and investments	\$ -	\$ 1,092,014
Receivables:		
Interest	-	1,480
Due from other funds	-	-
Inventory of supplies	13,886	-
Total current assets	<u>13,886</u>	<u>1,093,494</u>
Noncurrent assets:		
Advances to other funds	-	-
Restricted cash and investments	-	-
Capital assets:		
Buildings	-	-
Improvements other than buildings	-	602,886
Equipment	60,639	-
Construction in progress	-	-
Computer software	-	-
Less accumulated depreciation	<u>(28,616)</u>	<u>(602,886)</u>
Total noncurrent assets	<u>32,023</u>	<u>-</u>
Total assets	<u>45,909</u>	<u>1,093,494</u>
Deferred outflows of resources:		
Deferred amounts on pension plans	87,287	615,469
Deferred amounts on OPEB plan	10,560	58,737
Total deferred outflows of resources	<u>97,847</u>	<u>674,206</u>
Liabilities:		
Current liabilities:		
Accounts payable	674	133,563
Due to other funds	112,708	-
Compensated absences payable	12,781	33,839
Total OPEB liability	7,043	39,176
Claims payable	-	-
Total current liabilities	<u>133,206</u>	<u>206,578</u>
Noncurrent liabilities:		
Compensated absences payable	38,343	101,516
Claims payable	-	-
Net pension liability	689,706	4,862,884
Total OPEB liability	185,114	1,029,696
Total noncurrent liabilities	<u>913,163</u>	<u>5,994,096</u>
Total liabilities	<u>1,046,369</u>	<u>6,200,674</u>
Deferred inflows of resources:		
Deferred amounts on OPEB plan	13,575	75,513
Total deferred inflows of resources	<u>13,575</u>	<u>75,513</u>
Net position:		
Net investment in capital assets	32,023	-
Restricted for:		
Employee benefits	-	-
Unrestricted	<u>(948,211)</u>	<u>(4,508,487)</u>
Total net position (deficit)	<u>\$ (916,188)</u>	<u>\$ (4,508,487)</u>

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 7,409,736	\$ -	\$ 22,524,391	\$ 13,387,073	\$ 105,452	\$ 1,617,211
11,337	-	42,015	18,959	94	3,996
-	-	10,840,147	-	-	-
31,173	794,322	-	-	-	-
<u>7,452,246</u>	<u>794,322</u>	<u>33,406,553</u>	<u>13,406,032</u>	<u>105,546</u>	<u>1,621,207</u>
-	-	1,168,000	-	-	-
-	-	322,811	-	-	-
-	-	-	-	-	249,590
-	-	-	-	256,131	-
14,357,918	-	-	2,585,135	68,201	175,308
567,889	-	-	-	-	-
-	-	-	6,493,843	-	-
(11,667,194)	-	-	(8,297,490)	(181,859)	(189,868)
<u>3,258,613</u>	<u>-</u>	<u>1,490,811</u>	<u>781,488</u>	<u>142,473</u>	<u>235,030</u>
<u>10,710,859</u>	<u>794,322</u>	<u>34,897,364</u>	<u>14,187,520</u>	<u>248,019</u>	<u>1,856,237</u>
1,154,906	76,003	987,906	1,077,300	10,441	2,712,849
80,207	7,967	56,763	65,234	1,983	214,239
<u>1,235,113</u>	<u>83,970</u>	<u>1,044,669</u>	<u>1,142,534</u>	<u>12,424</u>	<u>2,927,088</u>
83,628	5,998	451,424	336,578	5,459	258,862
-	326,572	-	-	-	-
62,802	21,857	67,271	111,963	-	383,213
53,497	5,315	37,858	43,510	1,323	142,891
-	-	11,940,000	-	-	-
<u>199,927</u>	<u>359,742</u>	<u>12,496,553</u>	<u>492,051</u>	<u>6,782</u>	<u>784,966</u>
188,407	65,571	201,812	335,890	-	1,149,639
-	-	38,834,878	-	-	-
9,125,237	600,516	10,302,728	8,512,037	82,467	21,434,552
1,406,087	139,685	995,079	1,143,606	34,773	3,755,717
<u>10,719,731</u>	<u>805,772</u>	<u>50,334,497</u>	<u>9,991,533</u>	<u>117,240</u>	<u>26,339,908</u>
<u>10,919,658</u>	<u>1,165,514</u>	<u>62,831,050</u>	<u>10,483,584</u>	<u>124,022</u>	<u>27,124,874</u>
103,117	10,244	72,973	83,866	2,549	275,426
<u>103,117</u>	<u>10,244</u>	<u>72,973</u>	<u>83,866</u>	<u>2,549</u>	<u>275,426</u>
3,258,613	-	-	781,488	142,473	235,030
-	-	322,811	-	-	-
(2,335,416)	(297,466)	(27,284,801)	3,981,116	(8,601)	(22,852,005)
<u>\$ 923,197</u>	<u>\$ (297,466)</u>	<u>\$ (26,961,990)</u>	<u>\$ 4,762,604</u>	<u>\$ 133,872</u>	<u>\$ (22,616,975)</u>

Continued

Internal Service Funds
Combining Statement of Net Position
June 30, 2021

	Quality Service Training	Total
Assets:		
Current assets:		
Cash and investments	\$ 400,463	\$ 46,536,340
Receivables:		
Interest	-	77,881
Due from other funds	-	10,840,147
Inventory of supplies	-	839,381
Total current assets	<u>400,463</u>	<u>58,293,749</u>
Noncurrent assets:		
Advances to other funds	-	1,168,000
Restricted cash and investments	-	322,811
Capital assets:		
Buildings	-	249,590
Improvements other than buildings	-	859,017
Equipment	-	17,247,201
Construction in progress	-	567,889
Computer software	-	6,493,843
Less accumulated depreciation	-	(20,967,913)
Total noncurrent assets	<u>-</u>	<u>5,940,438</u>
Total assets	<u>400,463</u>	<u>64,234,187</u>
Deferred outflows of resources:		
Deferred amounts on pension plans	-	6,722,161
Deferred amounts on OPEB plan	-	495,690
Total deferred outflows of resources	<u>-</u>	<u>7,217,851</u>
Liabilities:		
Current liabilities:		
Accounts payable	25,000	1,301,186
Due to other funds	-	439,280
Compensated absences payable	-	693,726
Total OPEB liability	-	330,613
Claims payable	-	11,940,000
Total current liabilities	<u>25,000</u>	<u>14,704,805</u>
Noncurrent liabilities:		
Compensated absences payable	-	2,081,178
Claims payable	-	38,834,878
Net pension liability	-	55,610,127
Total OPEB liability	-	8,689,757
Total noncurrent liabilities	<u>-</u>	<u>105,215,940</u>
Total liabilities	<u>25,000</u>	<u>119,920,745</u>
Deferred inflows of resources:		
Deferred amounts on OPEB plan	-	637,263
Total deferred inflows of resources	<u>-</u>	<u>637,263</u>
Net position:		
Net investment in capital assets	-	4,449,627
Restricted for:		
Employee benefits	-	322,811
Unrestricted	375,463	(53,878,408)
Total net position (deficit)	<u>\$ 375,463</u>	<u>\$ (49,105,970)</u>



CITY OF SANTA ANA, CALIFORNIA
Annual
Comprehensive Financial
Report

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2021

	Central Services	Building Maintenance
Operating revenues:		
Charges for services	\$ 451,078	\$ 4,624,340
Miscellaneous	-	-
Total operating revenues	<u>451,078</u>	<u>4,624,340</u>
Operating expenses:		
Personnel services	242,690	2,096,258
Contractual services	22,010	2,800,216
Materials and supplies	206,378	255,929
Administrative charges	179,032	659,654
Insurance	-	-
Provision for self-insured losses	-	-
Depreciation	5,844	-
Total operating expenses	<u>655,954</u>	<u>5,812,057</u>
Operating income (loss)	<u>(204,876)</u>	<u>(1,187,717)</u>
Nonoperating revenues (expenses):		
Net decrease in the fair value of investment	-	-
Investment earnings	-	8,275
Gain (loss) on disposal of capital assets	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>8,275</u>
Income (loss) before transfers	(204,876)	(1,179,442)
Transfers out	-	-
Change in net position	<u>(204,876)</u>	<u>(1,179,442)</u>
Net position (deficit) - beginning	<u>(711,312)</u>	<u>(3,329,045)</u>
Net position (deficit) - ending	<u>\$ (916,188) \$</u>	<u>(4,508,487)</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
\$ 5,843,509	\$ 2,188,922	\$ 44,598,419	\$ 8,593,007	\$ 1,255,800	\$ 13,604,230
197,957	45,747	74,294	-	-	2,083
<u>6,041,466</u>	<u>2,234,669</u>	<u>44,672,713</u>	<u>8,593,007</u>	<u>1,255,800</u>	<u>13,606,313</u>
2,588,195	427,967	-	2,911,021	55,844	9,294,811
616,536	30,847	-	4,083,706	263,984	1,508,042
785,272	1,762,613	-	559,428	4,174	239,355
1,326,938	336,363	5,925,232	762,393	859,293	5,072,233
-	-	29,099,265	-	-	-
-	-	18,580,001	-	-	-
863,107	-	-	645,252	6,403	17,551
<u>6,180,048</u>	<u>2,557,790</u>	<u>53,604,498</u>	<u>8,961,800</u>	<u>1,189,698</u>	<u>16,131,992</u>
<u>(138,582)</u>	<u>(323,121)</u>	<u>(8,931,785)</u>	<u>(368,793)</u>	<u>66,102</u>	<u>(2,525,679)</u>
-	-	(292,890)	(354,237)	-	-
57,702	-	194,162	99,959	335	22,352
262,586	32,853	-	-	-	-
<u>320,288</u>	<u>32,853</u>	<u>(98,728)</u>	<u>(254,278)</u>	<u>335</u>	<u>22,352</u>
181,706	(290,268)	(9,030,513)	(623,071)	66,437	(2,503,327)
<u>(3,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(216,245)</u>
178,101	(290,268)	(9,030,513)	(623,071)	66,437	(2,719,572)
745,096	(7,198)	(17,931,477)	5,385,675	67,435	(19,897,403)
<u>\$ 923,197</u>	<u>\$ (297,466)</u>	<u>\$ (26,961,990)</u>	<u>\$ 4,762,604</u>	<u>\$ 133,872</u>	<u>\$ (22,616,975)</u>

Continued

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2021

	Quality Service Training	Total
Operating revenues:		
Charges for services	\$ -	\$ 81,159,305
Miscellaneous	-	320,081
Total operating revenues	-	81,479,386
Operating expenses:		
Personnel services	-	17,616,786
Contractual services	25,000	9,350,341
Materials and supplies	-	3,813,149
Administrative charges	-	15,121,138
Insurance	-	29,099,265
Provision for self-insured losses	-	18,580,001
Depreciation	-	1,538,157
Total operating expenses	25,000	95,118,837
Operating income (loss)	(25,000)	(13,639,451)
Nonoperating revenues (expenses):		
Net decrease in the fair value of investment	-	(647,127)
Investment earnings	-	382,785
Gain (loss) on disposal of capital assets	-	295,439
Total nonoperating revenues (expenses)	-	31,097
Income (loss) before transfers	(25,000)	(13,608,354)
Transfers out	-	(219,850)
Change in net position	(25,000)	(13,828,204)
Net position (deficit) - beginning	400,463	(35,277,766)
Net position (deficit) - ending	\$ 375,463	\$ (49,105,970)



CITY OF SANTA ANA, CALIFORNIA
Annual
Comprehensive Financial
Report

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2021

	Central Services	Building Maintenance
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 451,078	\$ 4,624,340
Receipts from other operating sources	-	6,576
Payments to suppliers for goods and services	(227,194)	(3,217,947)
Payments for interfund services used	(179,032)	(659,654)
Payments to employees	(227,717)	(2,051,369)
Net cash provided (used) by operating activities	<u>(182,865)</u>	<u>(1,298,054)</u>
Cash flows from noncapital financing activities:		
Transfers out	-	-
Receipt of interfund balances	112,708	-
Net cash provided (used) by noncapital financing activities	<u>112,708</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(26,423)	-
Proceeds from sale of capital assets	-	-
Net cash provided (used) for capital and related financing activities	<u>(26,423)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	294	8,275
Decrease in the fair value of investment	-	-
Net cash provided by investing activities	<u>294</u>	<u>8,275</u>
Net increase (decrease) in cash and cash equivalents	(96,286)	(1,289,779)
Cash and cash equivalents - beginning	96,286	2,381,793
Cash and cash equivalents - ending (Includes restricted cash and investments)	<u>\$ -</u>	<u>\$ 1,092,014</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (204,876)	\$ (1,187,717)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	5,844	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	6,576
Decrease (increase) in inventory of supplies	520	-
Decrease (increase) in deferred outflows from pension	(18,062)	(127,371)
Decrease (increase) in deferred outflows from OPEB	(283)	(1,571)
Increase (decrease) in accounts payable	674	(161,802)
Increase (decrease) in compensated absences payable	8,887	3,672
Increase (decrease) in claims payable	-	-
Increase (decrease) in net pension liability	31,480	221,949
Increase (decrease) in total OPEB liability	7,922	44,065
Increase (decrease) in deferred inflows from pension	(8,466)	(59,669)
Increase (decrease) in deferred inflows from OPEB	(6,505)	(36,186)
Net cash provided (used) by operating activities	<u>\$ (182,865)</u>	<u>\$ (1,298,054)</u>
Noncash investing, capital, and financing activities:		
Decrease 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
\$ 5,843,509	\$ 2,188,922	\$ 44,598,419	\$ 8,593,007	\$ 1,255,800	\$ 13,604,230
197,957	45,747	74,294	-	-	2,083
(1,326,455)	(1,767,569)	(42,283,602)	(4,479,677)	(264,915)	(6,627,488)
(1,326,938)	(336,363)	-	(762,393)	(859,293)	-
(2,446,139)	(350,031)	(6,020,672)	(2,735,057)	(52,821)	(8,705,566)
<u>941,934</u>	<u>(219,294)</u>	<u>(3,631,561)</u>	<u>615,880</u>	<u>78,771</u>	<u>(1,726,741)</u>
(3,605)	-	-	-	-	(216,245)
-	186,441	292,000	-	-	-
<u>(3,605)</u>	<u>186,441</u>	<u>292,000</u>	<u>-</u>	<u>-</u>	<u>(216,245)</u>
(952,067)	-	-	(75,161)	-	(237,894)
295,676	32,853	-	-	-	-
<u>(656,391)</u>	<u>32,853</u>	<u>-</u>	<u>(75,161)</u>	<u>-</u>	<u>(237,894)</u>
65,039	-	223,288	118,835	473	30,506
-	-	(292,890)	(354,237)	-	-
<u>65,039</u>	<u>-</u>	<u>(69,602)</u>	<u>(235,402)</u>	<u>473</u>	<u>30,506</u>
346,977	-	(3,409,163)	305,317	79,244	(2,150,374)
7,062,759	-	26,256,365	13,081,756	26,208	3,767,585
<u>\$ 7,409,736</u>	<u>\$ -</u>	<u>\$ 22,847,202</u>	<u>\$ 13,387,073</u>	<u>\$ 105,452</u>	<u>\$ 1,617,211</u>
\$ (138,582)	\$ (323,121)	\$ (8,931,785)	\$ (368,793)	\$ 66,102	\$ (2,525,679)
863,107	-	-	645,252	6,403	17,551
-	-	(3,973,346)	-	-	-
29,647	91,295	-	-	-	-
(238,991)	(15,724)	(204,010)	(222,916)	(2,165)	(561,393)
(49,412)	(213)	(1,518)	(1,745)	(53)	(5,731)
45,706	(65,404)	(285,983)	163,457	5,461	192,142
67,934	72,768	(124,828)	107,853	-	412,368
-	-	9,654,993	-	-	-
416,490	27,409	322,416	388,502	3,764	978,304
60,172	5,978	42,584	48,940	1,488	160,723
(111,991)	(7,373)	(95,114)	(104,481)	(1,007)	(263,041)
(2,146)	(4,909)	(34,970)	(40,189)	(1,222)	(131,985)
<u>\$ 941,934</u>	<u>\$ (219,294)</u>	<u>\$ (3,631,561)</u>	<u>\$ 615,880</u>	<u>\$ 78,771</u>	<u>\$ (1,726,741)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (292,890)</u>	<u>\$ (354,237)</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2021

	Quality Service Training	Total
Cash flows from operating activities:		
Receipts from interfund services provided	\$ -	\$ 81,159,305
Receipts from other operating sources	-	326,657
Payments to suppliers for goods and services	-	(60,194,847)
Payments for interfund services used	-	(4,123,673)
Payments to employees	-	(22,589,372)
Net cash provided (used) by operating activities	-	(5,421,930)
Cash flows from noncapital financing activities:		
Transfers out	-	(219,850)
Receipt of interfund balances	-	591,149
Net cash provided (used) by noncapital financing activities	-	371,299
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(1,291,545)
Proceeds from sale of capital assets	-	328,529
Net cash provided (used) for capital and related financing activities	-	(963,016)
Cash flows from investing activities:		
Interest received	-	446,710
Decrease in the fair value of investment	-	(647,127)
Net cash provided by investing activities	-	(200,417)
Net increase (decrease) in cash and cash equivalents	-	(6,214,064)
Cash and cash equivalents - beginning	400,463	53,073,215
Cash and cash equivalents - ending (Includes restricted cash and investments)	\$ 400,463	\$ 46,859,151
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (25,000)	\$ (13,639,451)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	-	1,538,157
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	(3,966,770)
Decrease (increase) in inventory of supplies	-	121,462
Decrease (increase) in deferred outflows from pension	-	(1,390,632)
Decrease (increase) in deferred outflows from OPEB	-	(60,526)
Increase (decrease) in accounts payable	25,000	(80,749)
Increase (decrease) in compensated absences payable	-	548,654
Increase (decrease) in claims payable	-	9,654,993
Increase (decrease) in net pension liability	-	2,390,314
Increase (decrease) in total OPEB liability	-	371,872
Increase (decrease) in deferred inflows from pension	-	(651,142)
Increase (decrease) in deferred inflows from OPEB	-	(258,112)
Net cash provided (used) by operating activities	\$ -	\$ (5,421,930)
Noncash investing, capital, and financing activities:		
Decrease in fair value of investments	\$ -	\$ (647,127)

Custodial Funds

Custodial Funds are used to account for assets held by the City as a custodian for individuals, private organizations, and other governmental units. Custodial Funds include the following:

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.

Transportation Corridor – For the collection of fees until their disbursement to transportation corridor agencies under the terms of joint exercise of powers agreement.

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

CUSTODIAL FUNDS

	Warner Industrial Community Assessment District		Total
\$	252,575	\$	2,721,821
	105,348		105,348
	-		180
	1,452		1,452
	359,375		2,828,801
	-		260,236
	-		1,421,868
	-		716,129
	327,981		327,981
	327,981		2,726,214
\$	31,394	\$	102,587

CUSTODIAL FUNDS

Warner Industrial Community Assessment District	Custodial Funds
135,026	135,026
5	5
-	484,848
-	4,897
-	1,341,495
-	6,376,091
\$ <u>135,031</u>	\$ <u>8,342,362</u>
-	5,902,076
-	172,364
103,637	103,637
-	2,603,537
-	1,276,237
-	16,087
\$ <u>103,637</u>	\$ <u>10,073,938</u>
31,394	-
-	1,834,163
\$ <u>31,394</u>	\$ <u>102,587</u>



CITY OF SANTA ANA, CALIFORNIA
Annual
Comprehensive Financial
Report

CITY OF SANTA ANA, CALIFORNIA

Statistical Section

STATISTICAL SECTION

This part of the City of Santa Ana's annual comprehensive 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.

Contents	Page
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Schedule 1 - Net Position by Component	199
Schedule 2 - Changes in Net Position	201
Schedule 3 - Fund Balances of Governmental Funds	207
Schedule 4 - Changes in Fund Balances of Governmental Funds	209
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Schedule 5 - Assessed Value and Estimated Actual Value of Taxable Property	211
Schedule 6 - Direct and Overlapping Property Tax Rates	213
Schedule 7 - Property Tax Levies and Collections	215
Schedule 8 - Taxable Sales by Category	217
Schedule 9 - Principal Property Tax Remitters	219
Schedule 10 - Water Sold by Type of Customer	221
Schedule 11 - Water Rates	223
Schedule 12 - Principal Water Customers	224
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Schedule 13 - Ratios of Outstanding Debt by Type	225
Schedule 14 - Legal Debt Margin Information	227
Schedule 15 - Direct and Overlapping Debt	229
Schedule 16 - Pledged-Revenue Coverage	230
<u>Demographic and Economic Information</u> - This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Schedule 17 - Demographic and Economic Statistics	231
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
Schedule 18 - Principal Employers	232
Schedule 19 - Full-time and Part-time City Employees by Function	233
Schedule 20 - Operating Indicators by Function	235
Schedule 21 - Capital Assets Statistics by Function	237

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

	Fiscal Year			
	2021	2020	2019	2018
Governmental Activities:				
Net investment in capital assets	\$ 909,573	\$ 881,919	\$ 877,188	\$ 867,360
Restricted	208,355	189,944	189,135	175,986
Unrestricted	(533,455)	(535,086)	(533,495)	(501,404)
Total governmental activities net position	\$ <u>584,473</u>	\$ <u>536,777</u>	\$ <u>532,828</u>	\$ <u>541,942</u>
Business-type activities:				
Net investment in capital assets	\$ 129,341	\$ 116,854	\$ 113,665	\$ 109,752
Restricted	1,857	2,216	2,507	2,332
Unrestricted	56,657	57,883	62,336	33,072
Total business-type activities net position	\$ <u>187,855</u>	\$ <u>176,953</u>	\$ <u>178,508</u>	\$ <u>145,156</u>
Primary government:				
Net investment in capital assets	\$ 1,038,914	\$ 998,773	\$ 990,853	\$ 977,112
Restricted	210,212	192,160	191,642	178,318
Unrestricted	(476,798)	(477,203)	(471,159)	(468,332)
Total primary government net position	\$ <u>772,328</u>	\$ <u>713,730</u>	\$ <u>711,336</u>	\$ <u>687,098</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 2012 - 2021 ACFRs

SCHEDULE 1

Fiscal Year					
2017***	2016	2015	2014**	2013*	2012
\$ 842,333	\$ 823,975	\$ 807,136	\$ 797,222	\$ 800,141	\$ 787,634
176,377	156,204	238,034	227,514	204,518	236,683
(387,032)	(362,557)	(378,741)	71,741	54,989	23,756
<u>\$ 631,678</u>	<u>\$ 617,622</u>	<u>\$ 666,429</u>	<u>\$ 1,096,477</u>	<u>\$ 1,059,648</u>	<u>\$ 1,048,073</u>
\$ 101,972	\$ 96,563	\$ 94,756	\$ 92,652	\$ 90,055	\$ 89,780
2,908	2,859	2,867	4,033	3,315	2,322
41,547	38,804	33,018	53,819	44,636	35,758
<u>\$ 146,427</u>	<u>\$ 138,226</u>	<u>\$ 130,641</u>	<u>\$ 150,504</u>	<u>\$ 138,006</u>	<u>\$ 127,860</u>
\$ 944,305	\$ 920,538	\$ 901,892	\$ 889,874	\$ 890,196	\$ 877,414
179,285	159,063	240,901	231,547	207,833	239,005
(345,485)	(323,753)	(345,723)	125,560	99,625	59,514
<u>\$ 778,105</u>	<u>\$ 755,848</u>	<u>\$ 797,070</u>	<u>\$ 1,246,981</u>	<u>\$ 1,197,654</u>	<u>\$ 1,175,933</u>

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

	Fiscal Year					Page 1 of 6
	2021	2020	2019	2018	2017	
Expenses:						
Governmental activities:						
General government (1)	\$ 81,384	\$ 62,108	\$ 24,444	\$ 23,916	\$ 22,965	
Cultural recreation and community services (2)	38,088	33,409	33,961	36,666	30,689	
Public safety (3) (5)	217,320	223,748	238,760	232,167	185,803	
Developmental services (4)	59,440	48,657	45,089	43,308	44,831	
Community development	84,729	59,293	55,312	55,119	47,427	
Pass-through payments to districts and other agencies	-	-	-	-	-	
County administrative charges	-	-	-	-	-	
Interest on long-term debt	5,247	5,517	6,334	6,627	6,944	
Total governmental activities expenses	<u>\$ 486,208</u>	<u>\$ 432,732</u>	<u>\$ 403,900</u>	<u>\$ 397,803</u>	<u>\$ 338,659</u>	
Business-type activities:						
Water	\$ 55,861	\$ 51,763	\$ 48,886	\$ 49,800	\$ 45,040	
Parking	3,467	5,537	6,503	5,636	5,276	
Sewer	6,915	7,120	6,347	5,588	4,916	
Sanitation	5,194	4,651	6,596	7,082	6,695	
Refuse collections	11,915	20,475	18,004	18,028	16,853	
Transportation center	1,923	1,525	1,417	1,474	1,197	
Federal clean water protection	3,179	3,071	2,766	2,816	2,373	
Total business-type expenses	<u>88,454</u>	<u>94,142</u>	<u>90,519</u>	<u>90,424</u>	<u>82,350</u>	
Total primary government expenses	<u>\$ 574,662</u>	<u>\$ 526,874</u>	<u>\$ 494,419</u>	<u>\$ 488,227</u>	<u>\$ 421,009</u>	

* Restated property taxes for pass-through payments to districts and other agencies and County administrative charge.

1. Includes Human Resources, Finance, and Information Technology

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 2012 - 2021 ACFRs

SCHEDULE 2

					Page 2 of 6
Fiscal Year					
2016	2015	2014	2013	2012	
\$ 16,266	\$ 15,702	\$ 16,244	\$ 14,628	\$ 11,364	
26,252	27,408	30,613	26,994	23,902	
156,989	166,410	160,153	155,444	139,514	
29,369	30,548	28,567	30,526	26,148	
43,778	44,604	55,537	55,016	77,219	
-	-	-	915	3,393	
-	-	-	-	1,547	
7,208	7,576	8,080	7,027	8,669	
<u>\$ 279,862</u>	<u>\$ 292,248</u>	<u>\$ 299,194</u>	<u>\$ 290,550</u>	<u>\$ 291,756</u>	
\$ 41,947	\$ 45,217	\$ 44,912	\$ 44,528	\$ 49,271	
4,296	2,852	2,795	2,756	2,963	
4,685	4,627	4,761	4,351	4,268	
6,675	7,256	7,616	7,913	8,417	
16,463	15,946	15,948	16,122	16,024	
1,245	1,187	1,267	1,317	1,280	
2,878	2,033	2,125	1,780	1,637	
<u>78,189</u>	<u>79,118</u>	<u>79,424</u>	<u>78,766</u>	<u>83,860</u>	
<u>\$ 358,051</u>	<u>\$ 371,366</u>	<u>\$ 378,618</u>	<u>\$ 369,317</u>	<u>\$ 375,616</u>	

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

	Fiscal Year					Page 3 of 6
	2021	2020	2019	2018	2017	
Program revenues:						
Governmental activities:						
Charges for services:						
General government (1)	\$ 8,171	\$ 6,932	\$ 10,715	\$ 7,575	\$ 5,379	
Cultural recreation and community services (2)	6,522	3,456	8,977	3,100	3,100	
Public safety (3) (5)	29,914	29,554	30,113	22,607	22,596	
Developmental services (4)	19,351	22,176	23,290	17,672	18,595	
Community development	874	1,149	1,110	854	1,168	
Operating grants and contributions	126,748	83,373	74,230	66,388	62,814	
Capital grants and contributions	35,492	19,595	32,156	44,259	58,350	
Total governmental activities program revenues	\$ 227,072	\$ 166,235	\$ 180,591	\$ 162,455	\$ 172,002	
Business-type activities:						
Charges for services:						
Water	\$ 64,045	\$ 57,062	\$ 56,227	\$ 55,560	\$ 51,657	
Parking	3,289	3,476	4,067	4,172	4,410	
Sewer	7,349	6,947	6,702	6,381	5,620	
Sanitation	5,746	5,784	6,978	7,020	7,384	
Refuse collections	13,211	21,590	21,634	19,480	18,985	
Transportation center	464	642	398	524	602	
Federal clean water protection	964	689	864	657	1,725	
Operating grants and contributions	197	210	194	419	-	
Capital grants and contributions	2,900	170	23,828	981	-	
Total business-type activities Program revenues	98,165	96,570	120,892	95,194	90,383	
Total primary government Program revenues	\$ 325,237	\$ 262,805	\$ 301,483	\$ 257,649	\$ 262,385	
Net (expense) revenue						
Governmental activities	(259,136)	(266,497)	(223,309)	(235,348)	(166,657)	
Business-type activities	9,711	2,428	30,373	4,770	8,033	
Total primary government net (expense) revenue	\$ (249,425)	\$ (264,069)	\$ (192,936)	\$ (230,578)	\$ (158,624)	

SCHEDULE 2

					Page 4 of 6
Fiscal Year					
2016	2015	2014	2013	2012	
\$ 4,584	\$ 5,267	\$ 4,307	\$ 4,322	\$ 5,687	
3,245	3,411	4,302	3,311	3,088	
23,370	22,962	25,498	25,652	27,554	
17,410	16,651	16,239	16,752	18,633	
1,721	3,268	5,433	1,447	28,003	
65,518	64,711	77,494	64,700	75,051	
19,882	25,624	36,252	29,214	37,001	
\$ 135,730	\$ 141,894	\$ 169,525	\$ 145,398	\$ 195,017	
\$ 48,289	\$ 45,812	\$ 52,856	\$ 51,339	\$ 49,482	
4,472	5,306	4,771	4,744	4,445	
5,125	4,756	5,017	4,939	4,783	
7,973	8,045	7,934	7,931	7,967	
18,230	17,270	17,062	16,650	16,261	
593	757	754	869	789	
365	2,862	2,868	2,740	2,733	
-	77	92	22	666	
-	-	-	-	-	
85,047	84,885	91,354	89,234	87,126	
\$ 220,777	\$ 226,779	\$ 260,879	\$ 234,632	\$ 282,143	
(144,132)	(150,354)	(129,669)	(145,152)	(96,739)	
6,858	5,767	11,930	10,468	3,266	
\$ (137,274)	\$ (144,587)	\$ (117,739)	\$ (134,685)	\$ (93,473)	

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

	Fiscal Year					Page 5 of 6
	2021	2020	2019	2018	2017	
General revenues and other changes in net position						
Governmental activities:						
Net program revenue (expense):						
General government (1)	\$ (37,296)	\$ (54,506)	\$ (13,387)	\$ (15,498)	\$ (16,528)	
Cultural recreation and community services (2)	(26,144)	(23,896)	(18,762)	(23,304)	(20,912)	
Public safety (3) (5)	(183,138)	(185,946)	(202,293)	(203,383)	(155,869)	
Developmental services (4)	895	6,240	15,983	18,655	31,293	
Community development	(8,206)	(2,872)	1,484	(5,191)	2,303	
Pass-through payments to districts and other agencies		-	-	-	-	
County administrative charge		-	-	-	-	
Interest on long-term debt	(5,247)	(5,517)	(6,334)	(6,627)	(6,944)	
General revenues:						
Property taxes	88,054	85,935	81,619	76,616	72,572	
Sales Taxes		-	-	-	-	
Hotels visitors' taxes	4,350	7,740	9,415	9,246	9,768	
Utility users taxes	22,651	21,710	22,656	23,943	24,413	
Business taxes	34,918	25,435	18,815	14,903	13,774	
Franchise taxes	11,833	9,171	8,278	8,339	7,866	
Other taxes	1,400	1,199	1,219	1,263	1,371	
Intergovernmental, unrestricted	133,452	109,455	67,955	48,572	50,609	
Investment income	1,014	3,177	4,212	344	302	
Other revenues		-	-	-	11	
Transfers	(1,334)	6,625	25	-	27	
Extraordinary gain	-	-	-	-	-	
Total Governmental activities	<u>37,202</u>	<u>3,950</u>	<u>(9,115)</u>	<u>(52,122)</u>	<u>14,056</u>	
Business-type activities:						
Water	8,184	5,299	7,341	5,760	6,617	
Parking	(178)	(2,061)	(2,436)	(1,465)	(866)	
Sewer	434	(173)	23,584	794	704	
Sanitation	552	1,133	382	(62)	689	
Refuse collections	1,493	1,326	3,824	1,871	2,132	
Transportation center	(1,459)	(884)	(1,019)	(950)	(595)	
Federal clean water protection	686	(2,212)	(1,302)	(1,178)	(647)	
General revenues:						
Investment income (loss)	(144)	2,642	3,003	102	194	
Transfers	1,334	(6,625)	(25)	-	(27)	
Total business-type activities	<u>10,902</u>	<u>(1,555)</u>	<u>33,352</u>	<u>4,872</u>	<u>8,201</u>	
Total primary government	<u>48,104</u>	<u>2,395</u>	<u>24,237</u>	<u>(47,250)</u>	<u>22,257</u>	
Changes in net position						
Governmental activities	37,202	3,950	(9,115)	(52,122)	14,056	
Business-type activities	10,902	(1,555)	33,352	4,872	8,201	
Total primary government	<u>\$ 48,104</u>	<u>\$ 2,395</u>	<u>\$ 24,237</u>	<u>\$ (47,250)</u>	<u>\$ 22,257</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
2016	2015	2014	2013	2012	
\$ (11,141)	\$ (9,710)	\$ (11,480)	\$ (8,544)	\$ (5,677)	
(15,765)	(19,106)	(17,080)	(19,364)	(17,943)	
(125,726)	(134,780)	(122,434)	(116,788)	(93,460)	
8,255	18,944	30,426	14,699	31,379	
7,453	1,874	(1,021)	(7,213)	2,572	
-	-	-	(915)	(3,393)	
-	-	-	-	(1,547)	
(7,208)	(7,576)	(8,080)	(7,027)	(8,669)	
67,902	72,750	66,098	62,347	87,189	
-	- **	44,367	40,978	38,744	
8,882	8,983	8,519	7,490	7,024	
25,102	24,919	25,035	24,415	24,367	
12,384	11,343	11,201	10,671	10,317	
8,449	8,316	7,984	9,001	7,460	
1,520	997	1,169	962	1,401	
50,747	48,170	521	833	466	
2,452	1,265	1,598	(1,292)	951	
871	576	6	617	863	
168	56	-	-	-	
-	-	-	705	25,440	
<u>34,345</u>	<u>27,021</u>	<u>36,829</u>	<u>11,575</u>	<u>107,485</u>	
6,342	596	7,944	6,811	601	
176	2,453	1,976	1,988	1,483	
440	128	256	588	514	
1,298	789	318	18	(450)	
1,767	1,401	1,206	551	513	
(653)	(430)	(513)	(448)	(491)	
(2,512)	829	743	960	1,096	
895	361	568	(322)	152	
(167)	(56)	-	-	-	
<u>7,586</u>	<u>6,071</u>	<u>12,498</u>	<u>10,146</u>	<u>3,418</u>	
<u>41,931</u>	<u>33,092</u>	<u>49,327</u>	<u>21,721</u>	<u>110,903</u>	
34,345	27,021	36,829	11,575	107,485	
7,586	6,071	12,498	10,146	3,418	
\$ <u>41,931</u>	\$ <u>33,092</u>	\$ <u>49,327</u>	\$ <u>21,721</u>	\$ <u>110,903</u>	

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

	Fiscal Year		
	2021	2020	2019
General Fund			
Nonspendable	\$ -	\$ -	\$ -
Restricted	1,790	1,997	2,081
Assigned	26,559	21,457	10,695
Unassigned	105,374	73,970	62,636
Total General Fund	\$ 133,723	\$ 97,424	\$ 75,412
All Other Governmental Funds			
Nonspendable	\$ 267	\$ 13	\$ 20
Restricted	169,938	156,330	159,656
Unassigned:			
Special Revenue	(2,435)	(3,731)	(2,652)
Capital Projects	(9,655)	(4,728)	(1,631)
Total all other governmental funds	\$ 158,115	\$ 147,884	\$ 155,393

Source: City of Santa Ana 2012 - 2021 ACFRs

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

SCHEDULE 3

		Fiscal Year											
		2018	2017	2016	2015	2014	2013	2012					
\$	-	\$	9	\$	-	\$	3,434	\$	3,357	\$	3,267	\$	-
	7,620		2,160		1,455		955		-		-		-
	5,378		9,928		27,077		21,562		5,404		5,424		4,661
	56,363		62,456		48,395		45,891		45,298		30,688		19,335
\$	<u>69,361</u>	\$	<u>74,553</u>	\$	<u>76,927</u>	\$	<u>71,842</u>	\$	<u>54,059</u>	\$	<u>39,379</u>	\$	<u>23,996</u>
\$	-	\$	23	\$	16	\$	25,263	\$	18,993	\$	3,660.82	\$	3,652
	149,247		157,467		152,641		95,697		97,784		93,552.80		110,606
	(789)		(3,287)		(921)		(1,618)		(806)		(630.00)		(1,661)
	(3,703)		(2,034)		(888)		(686)		(1,721)		(936.00)		(955)
\$	<u>144,755</u>	\$	<u>152,169</u>	\$	<u>150,848</u>	\$	<u>118,656</u>	\$	<u>114,250</u>	\$	<u>95,648</u>	\$	<u>111,642</u>

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

	Fiscal Year			
	2021	2020	2019	2018
Revenues:				
Taxes	\$ 165,424	\$ 151,598	\$ 142,812	\$ 134,812
License and permits	6,132	5,233	9,965	7,994
Intergovernmental	276,534	198,341	150,716	145,520
Charges for services	17,354	19,774	20,169	15,399
Fines and forfeits	5,125	5,917	5,651	5,713
Investment income	2,016	5,898	5,018	1,601
Cost recoveries	18,447	16,861	26,317	14,353
Rental income	18,628	17,272	17,269	11,880
Miscellaneous	4,707	1,798	3,208	5,627
Contributions from property owner- special assessments	-	-	-	-
Payment of bond proceeds from successor agency	-	-	-	-
Total revenues	<u>514,367</u>	<u>422,692</u>	<u>381,125</u>	<u>342,899</u>
Expenditures:				
General government (1)	74,452	56,737	19,758	18,477
Cultural recreation and community services (2)	33,172	29,114	28,327	30,366
Public safety (3) (5)	191,540	189,936	192,511	180,276
Developmental services (4)	45,984	29,446	24,657	24,876
Community development	81,915	57,820	51,989	52,073
Capital outlay	45,131	35,312	31,855	41,418
Debt service:				
Principal retirement	11,101	68,278	10,248	9,787
Interest and fiscal charges	4,241	4,975	5,334	5,741
Cost of issuance and other bond charges	-	-	-	-
Total expenditures	<u>487,536</u>	<u>471,618</u>	<u>364,679</u>	<u>363,014</u>
Excess (deficiency) of revenues over (under) expenditures	26,831	(48,926)	16,446	(20,115)
Other Financing Sources (uses):				
Loss on sale of land held for resale	-	-	-	-
Sales of capital assets	561	3,138	-	-
Transfers in	12,179	22,368	12,713	11,763
Transfers out	(13,293)	(15,525)	(12,470)	(11,551)
Capital lease agreement	9,404	-	-	-
Issuance of Debt	354	-	-	7,297
Payment to refunded bond escrow agent	-	8,798	-	-
Proceeds from issuance of bonds	-	44,650	-	-
Capital contribution	-	-	-	-
Total other financing sources (uses)	<u>9,205</u>	<u>63,429</u>	<u>243</u>	<u>7,509</u>
Extraordinary gain (loss)	-	-	-	-
Net change in fund balance	<u>\$ 36,036</u>	<u>\$ 14,503</u>	<u>\$ 16,689</u>	<u>\$ (12,606)</u>
Debt service as a percent of noncapital expenditures	3.4%	16.7%	4.7%	4.9%

Source: City of Santa Ana 2012 - 2021 ACFRs

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						
2017	2016	2015	2014	2013	2012	
\$ 131,308	\$ 125,255	\$ 127,913	\$ 164,855	\$ 156,008	\$ 176,503	
5,804	4,744	5,346	3,295	4,043	3,948	
145,682	129,823	129,108	95,367	88,411	108,638	
16,016	12,756	10,698	11,493	8,752	11,021	
5,096	5,450	5,937	7,010	6,935	6,930	
517	2,992	1,715	1,607	(396)	1,163	
-	-	-	-	-	273	
30,278	35,688	31,048	43,804	35,541	36,985	
947	-	-	-	-	-	
1,252	-	-	-	-	-	
2,515	-	-	-	-	-	
<u>339,415</u>	<u>316,708</u>	<u>311,765</u>	<u>327,431</u>	<u>299,294</u>	<u>345,461</u>	
18,999	15,261	14,369	13,264	12,494	10,155	
26,512	23,934	4,976	27,074	23,762	21,138	
171,486	162,047	154,975	151,703	150,723	169,504	
18,532	18,892	36,754	17,237	17,565	15,575	
48,928	42,827	44,150	58,337	55,359	82,114	
45,109	30,367	25,123	10,801	25,378	30,067	
9,181	8,242	7,872	11,513	6,865	9,001	
6,020	6,342	6,750	7,987	8,471	11,940	
-	-	-	183	-	-	
<u>344,767</u>	<u>307,912</u>	<u>294,969</u>	<u>298,099</u>	<u>300,617</u>	<u>349,493</u>	
(5,352)	8,796	16,796	29,332	(1,323)	(4,032)	
-	(1,267)	-	-	-	-	
2,000	-	-	-	-	-	
11,645	17,826	14,975	12,496	11,826	103,691	
(11,398)	(17,624)	(14,793)	(12,186)	(11,115)	(90,149)	
-	-	4,256	-	-	-	
2,052	-	955	-	-	-	
-	-	-	(44,856)	-	-	
-	-	-	45,060	-	-	
-	-	-	3,437	-	-	
<u>4,299</u>	<u>(1,065)</u>	<u>5,393</u>	<u>3,951</u>	<u>711</u>	<u>13,542</u>	
-	-	-	-	-	(81,889)	
<u>\$ (1,053)</u>	<u>\$ 7,731</u>	<u>\$ 22,189</u>	<u>\$ 33,283</u>	<u>\$ (612)</u>	<u>\$ (72,379)</u>	
5.0%	5.3%	5.4%	6.8%	5.6%	6.6%	

**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			
2021	\$ 27,590,592	\$ 1,489,607	\$ (149,395)	\$ 28,930,804	-	
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	-	

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
\$ 8,181,829	\$ 994,473	\$ (6,112)	\$ 9,170,189	1.1150
7,818,215	986,961	(6,197)	8,798,980	1.1300
7,356,533	941,861	(5,745)	8,292,649	1.1283
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

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

	2021	2020	2019	2018
City direct rates:				
City basic rate	(1)	(1)	(1)	(1)
Redevelopment agency				
Total City direct rate	-	-	-	-
Overlapping Rates:				
Santa Ana Unified School				
District bonds	0.06858	0.08127	0.07300	0.05561
Rancho Santiago Community				
College District bonds	0.04289	0.04520	0.05178	0.04537
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>1.11497</u>	<u>1.12997</u>	<u>1.12828</u>	<u>1.10448</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

2017	2016	2015	2014	2013	2012
(1)	(1)	(1)	(1)	(1)	(1)
-	-	-	-	-	-
0.06327	0.06377	0.06604	0.06869	0.07749	0.07147
0.05088	0.04945	0.05039	0.05078	0.03241	0.03146
0.00350	0.00350	0.00350	0.00350	0.00350	0.00370
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<u>1.11765</u>	<u>1.11672</u>	<u>1.11993</u>	<u>1.12297</u>	<u>1.11340</u>	<u>1.10663</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
2021	\$ 40,871,237	\$ 40,296,066	98.6%	\$ 299,950	\$ 40,596,016	99.3%
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
Annual
Comprehensive Financial
Report

**Taxable Sales by Category
Last Ten Fiscal Years
(in thousands of dollars)**

Category	Fiscal Year			
	2021	2020	2019	2018
General Retail	\$ 1,053,321	\$ 892,136	\$ 987,259	\$ 963,193
Food Products	748,869	749,169	811,103	805,433
Transportation	979,352	890,337	982,554	967,443
Construction	508,109	445,367	466,522	524,397
Business to Business	1,005,516	926,200	1,148,295	997,471
Miscellaneous ¹	41,171	29,665	38,693	46,764
Total	\$ 4,336,338	\$ 3,932,874	\$ 4,434,427	\$ 4,304,699

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					
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 946,321	\$ 966,874	\$ 936,187	\$ 897,382	\$ 890,101	\$ 854,525
761,998	733,732	688,882	644,269	612,531	576,067
928,206	949,296	960,861	968,350	926,317	888,621
524,692	528,337	487,685	461,968	416,051	380,951
910,681	845,233	794,870	756,298	730,186	696,194
53,777	46,086	42,054	58,492	45,012	37,448
<u>\$ 4,125,674</u>	<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>

Principal Property Tax Remitters Current and Nine Fiscal Years Ago

Principal Property Tax Remitters	2021			2012		
	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	\$ 350,691,477	1	1.21%	\$ 218,265,550	1	1.09%
Bre OC Griffin LLC	229,226,350	2	0.79%			
RP Essex Skyline Holdings	147,376,891	3	0.51%	133,083,687	2	0.66%
First American Title	134,213,441	4	0.46%	117,913,241	3	0.59%
APG OCIC LLC	113,581,645	5	0.39%			
Adagio 366 LLC	101,875,968	6	0.35%			
Cadigan 1901 First LLC	99,939,495	7	0.34%			
Tustin Avenue Apts LLC	99,759,672	8	0.34%			
Drawbridge Pacific Center	97,500,000	9	0.34%			
Pacific Coast Holdings Investment	96,249,161	10	0.33%			
GLL US Office LP				100,551,494	4	0.50%
AG LPC Griffin Towers LP	-		-	90,542,615	5	0.45%
Freedom Newspapers Inc.	-		-	79,721,941	6	0.40%
Colton David A	-		-	66,143,068	7	0.33%
Lapco Industrial Parks	-		-	66,099,159	8	0.33%
Powerwave Technologies Inc	-		-	63,376,082	9	0.32%
Bel Santa Ana LLC	-		-	62,175,000	10	0.31%
Total	\$ 1,470,414,100		5.06%	\$ 997,871,837		4.98%

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
Annual
Comprehensive Financial
Report

**Water Sold by Type of Customer
Last Ten Fiscal Years
(in thousands of gallons)**

	Fiscal Year			
	2021	2020	2019	2018
Type of Customer				
Residential	7,299,518.8	6,928,365.0	7,004,926.5	7,228,201.5
Commercial	1,868,058.2	1,933,951.0	2,084,082.8	2,151,678.1
Industrial	653,152.1	599,309.6	620,519.9	694,821.7
Wholesale food	124,643.0	126,488.3	111,505.1	113,598.8
Government	260,122.2	200,024.2	212,388.6	236,191.5
Others ¹	470,696.2	407,120.7	478,703.5	496,808.1
Total	<u>10,676,190.5</u>	<u>10,195,258.7</u>	<u>10,512,126.5</u>	<u>10,921,299.7</u>
Total direct rate per 44 units ²	\$ 2.170	\$ 3.090	\$ 3.020	\$ 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					
2017	2016	2015	2014	2013	2012
6,892,323.3	6,903,687.7	7,725,440.5	8,285,900.4	8,191,888.8	8,054,021.9
2,042,209.0	2,031,311.4	2,232,378.3	2,315,563.4	2,257,527.6	2,203,292.3
611,536.4	619,406.1	827,394.2	844,945.3	801,654.8	761,203.7
109,407.0	108,499.6	110,939.6	117,576.6	114,953.4	113,081.9
200,476.0	209,123.6	317,185.7	360,322.8	352,676.0	350,978.8
453,205.0	450,398.5	567,059.6	555,458.8	508,589.9	485,600.9
<u>10,309,156.7</u>	<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>
\$ 2.950	\$ 2.790	\$ 2.727	\$ 2.727	\$ 2.727	\$ 2.727

**Water Rates
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Monthly base Rate ¹	Rate per 44 Units ²
2021	\$ 43.88	2.17
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

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	2021		2012	
	Taxable Water Charges	Percentage of Total Water Revenues	Taxable Water Charges	Percentage of Total Water Revenues
Chroma Systems	\$ 567,554.06	0.90%	\$ 341,177	0.71%
Adohr Farms Inc	549,019.31	0.87%	260,118	0.54%
Fairview Villas	238,154.13	0.44%	203,770	0.43%
Far West Management Corp	141,327.93	0.22%	123,821	0.26%
Power Circuits Inc.	269,056.57	0.43%	223,710	0.47%
RP/ESSEX Skyline Holdings, LLC	150,481.58	0.24%		0.00%
Mac Arthur Village	109,151.42	0.17%		0.00%
Western Medical Center	166,044.40	0.26%		0.00%
County of Orange	184,406.19	0.29%	204,822	0.43%
Warwick Square Assoc. Inc.	88,667.60	0.14%	141,329	0.30%
Town Square Owners			132,595	0.28%
County of Orange	-	-	151,562	0.32%
On The I.k. Versailles	-	-	108,564	0.23%
Total	\$ <u>2,463,863</u>	<u>3.96%</u>	\$ <u>1,891,468</u>	<u>3.95%</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	
2021	\$ -	\$ -	\$ 11,488,671	\$ -	
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	

Fiscal Year Ended June 30	Lease Revenue Bonds	Refunding Revenue Bonds	Long Term Loans	Private Placement Financing	Direct Borrowings and Placements ³
2021	\$ 12,272,500	\$ 48,694,480	\$ 1,901,664	\$ -	\$ 24,188,635
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	-	-

Business-type Activities				
Fiscal Year Ended June 30	Revenue Bonds Payable	Refunding COP	Notes Payable	
2021	\$ 12,980,157	\$ -	\$ -	
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	

SCHEDULE 13

Fiscal Year Ended June 30	Total		
	Total Primary Government	Percentage of Personal Income ²	Debt Per Capita ²
2021	\$ 111,526,107	\$ 0.05%	\$ 1,555
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

Source: City of Santa Ana 2011 - 2020 ACFRs

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			
	2021	2020	2019	2018
Assessed valuation	\$29,080,199,582	\$27,943,960,825	26,520,241,206	25,232,415,520
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	7,270,049,896	6,985,990,206	6,630,060,302	6,308,103,880
Debt limit percentage ¹	10%	10%	10%	10%
Debt limit	727,004,990	698,599,021	663,006,030	630,810,388
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	727,004,990	698,599,021	663,006,030	630,810,388
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.

Fiscal Year					
2017	2016	2015	2014	2013	2012
23,886,126,355	23,013,226,208	22,075,383,494	21,119,683,205	20,339,779,135	20,100,864,489
25%	25%	25%	25%	25%	25%
5,971,531,589	5,753,306,552	5,518,845,874	5,279,920,801	5,084,944,784	5,025,216,122
10%	10%	10%	10%	10%	10%
597,153,159	575,330,655	551,884,587	527,992,080	508,494,478	502,521,612
-	-	-	-	-	-
<u>597,153,159</u>	<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>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Direct and Overlapping Debt Fiscal Year 2021

<u>City of Santa Ana</u>			
2020-21 Assessed Valuation:	\$ 29,080,199,582		
<u>Overlapping Tax and Assessment Debt:</u>	Total Debt 6/30/21	% Applicable (1)	City's Share of Debt 06/30/21
Metropolitan Water District	\$ 26,830,000	0.889%	\$ 238,519
Coast Community College District	886,289,825	0.239%	2,118,233
Rancho Santiago Community College District	215,876,119	30.787%	66,461,781
Rancho Santiago Community College District SFID No. 1	159,970,000	55.102%	88,146,669
Garden Grove Unified School District	463,236,550	11.607%	53,767,866
Orange Unified School District	177,865,000	3.137%	5,579,625
Santa Ana Unified School District	351,580,064	59.567%	209,425,697
Tustin Unified School District Facilities Improvement District No 2002-1	40,654,092	12.703%	5,164,289
Tustin Unified School District Facilities Improvement District No 2008-1	82,195,000	13.076%	10,747,818
Tustin Unified School District Facilities Improvement District No 2012-1	38,950,000	9.179%	3,575,221
City of Santa Ana 1915 Act Bonds	1,310,000	100.000%	1,310,000
Total Overlapping Tax and Assessment Debt:			\$ 446,535,718
<u>Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	\$ 381,885,000	4.436%	\$ 16,940,419
Orange County Pension Obligations Bonds	485,318,204	4.436%	21,528,716
Orange County Board of Education Certificates of Participation	12,310,000	4.436%	546,072
Coast Community College District General Fund Obligations	2,240,000	0.239%	5,354
Coast Community College District Pension Obligations Bonds	2,280,000	0.239%	5,449
Orange Unified School District Benefit Obligations	63,055,000	3.137%	1,978,035
Orange Unified School District Certificates of Participation	21,191,594	3.137%	664,780
Santa Ana Unified School District Certificates of Participation	58,729,304	59.567%	34,983,285
Total Overlapping General Fund Debt			\$ 76,652,110
<u>Direct Governmental Fund Debt (Net of Bond Discount/Premium):</u>			
City of Santa Ana Governmental Fund Obligations			
Capital Lease Obligations	\$ 11,488,671	100%	11,488,671
2019 Gas Tax Revenue Refunding Bonds	48,694,480	100%	48,694,480
Police Lease Revenue Bonds	12,272,500	100%	12,272,500
Long-Term Loans & Other Payables	1,901,664	100%	1,901,664
2014 Private Placement Lease Financing	16,945,000	100%	16,945,000
800 Mhz Radio System	1,243,308	100%	1,243,308
Streetlights Acquisition & Upgrade project	6,000,327	100%	6,000,327
Total Direct Governmental Fund Debt			\$ 98,545,950
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	\$ 69,140,000	99.999%	\$ 69,139,309
Total Direct Debt			\$ 98,545,950
Total Overlapping Debt			\$ 592,327,137
Combined Total Debt			\$ 690,873,087 (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 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.54%
Total Direct Debt	0.34%
Combined Total Debt.....	2.38%

Ratios to Redevelopment Incremental Valuation (\$7,900,277,674):

Total Overlapping Tax Increment Debt.....	0.88%
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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	
2021	\$ 64,045	\$ 52,250	\$ 11,795	820	530	8.74
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

Source: City of Santa Ana 2012 - 2021 ACFRs

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)
2020	331,369	\$ 236,303,451	\$ 74,618	8.8%
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%

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	2021		2012	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
County of Orange*	16,856	11.07%	12,146	7.30%
Santa Ana Unified School District	4,721	3.10%		
Santa Ana College (includes Centennial and Rancho Santiago)*	3,557	2.34%	2,300	1.40%
City of Santa Ana	1,718	1.13%	1,003	0.63%
First American Title	1,609	1.06%	1,215	0.76%
KPC Healthcare formerly Integrated Healthcare Holdings, Inc †	1,608	1.06%		
United States Postal Service (3 locations)	1,088	0.71%	2,646	1.65%
Superior Court of CA-County of Orange	782	0.51%		
Allied Universal	558	0.37%		
Johnson & Johnson (Prev: Abbott Medical Optics Inc (AMO))	554	0.36%		
Ingram Micro	-	-	4,000	2.40%
Corinthian Colleges Inc.	-	-	850	0.53%
Freedom Communications Inc.	-	-	800	0.50%
Ponderosa Builders Inc.			800	0.50%
Alan B Whitson Company			750	0.47%

"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			
	2021	2020	2019	2018
General government (1)	176	219	219	197
Cultural recreation and community services (2)	217	392	392	376
Public safety (3) (5)	646	623	621	592
Developmental services (4)	373	278	278	242
Community development	57	62	62	49
Total	<u>1,469</u>	<u>1,574</u>	<u>1,572</u>	<u>1,456</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

2017	2016	2015	2014	2013	2012
193	200	188	175	164	165
353	380	368	392	401	390
604	597	585	596	635	654
246	229	238	216	223	222
48	51	60	59	69	74
<u>1,444</u>	<u>1,457</u>	<u>1,439</u>	<u>1,438</u>	<u>1,492</u>	<u>1,505</u>

Operating Indicators by Function Last Ten Fiscal Years

	2021	2020	2019
Police:			
Physical arrests	8,874	10,445	8,199
Parking citations issued	98,482	94,112	105,003
Traffic citations issued	10,083	9,378	9,032
Responses to 911 calls	175,534	159,530	162,013
Fire:			
Number of emergency calls-SAFD	-	-	-
Number of emergency calls-OCFA	27,493	27,335	27,514
Inspections-SAFD	N/A	N/A	N/A
Inspections-OCFA	3,260	3,163	3,105
Public Works:			
Streets:			
-Street resurfacing (miles) *	13	5	4
-Pot holes repaired **	1,638	1,687	2,196
Refuse collected (tons/year)			
-Goal: Max lbs refuse disposed/person	8	8	8
-Actual: lbs refuse disposed/person	5	5	6
Water:			
-New connections	12	92	22
-Water mains breaks	18	18	21
-Average daily consumption (thousands of gallons)	29,460	29,460	29,850
Parks, recreation and community services:			
Athletic field permits issued ***	-	-	-
Number of recreation classes (subjects) ***	197	2,002	2,160
Number of facility rentals ***	6,163	6,494	8,393
Planning and Building:			
Number of building permits issued	2,289	2,317	2,801
Number of plan checks	1,309	2,200	2,362
Number of inspections	24,706	26,147	29,261
Number of demolition building permits	49	58	82
Value of construction (in thousands):			
-Commercial and industrial construction	115,550	105,440,683	170,134
-Residential construction	235,840	68,426,047	261,885
-Other additions and alterations	25,232	149,549,354	3,262

* 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

2018	2017	2016	2015	2014	2013	2012
8,621	9,704	9,492	10,445	10,273	12,100	6,456
103,015	101,841	105,714	94,112	72,464	72,129	36,709
9,860	11,184	11,325	9,378	7,886	10,210	6,816
156,165	148,390	131,197	159,530	165,505	168,362	90,644
-	-	-	-	-	-	14,817
26,707	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
2,994	1,267	2,862	2,686	2,616	1,075	-
3	3	4	3	9	6	33
4,934	2,289	2,000	1,900	24,200	20,400	24,500
8	8	8	8	8	8	8
5	5	5	5	5	5	5
147	56	86	86	27	36	61
13	26	19	15	17	15	25
31,210	29,700	29,300	32,700	35,200	35,000	34,000
5,282	8,835	13,254	12,957	11,619	10,773	9,229
1,157	1,847	1,166	634	415	496	186
432	652	1,021	1,166	1,250	1,466	2,872
3,007	3,213	3,513	3,325	2,131	2,417	2,347
2,140	2,635	2,661	2,762	2,292	3,147	2,220
29,053	27,278	28,702	22,597	20,884	19,813	21,077
32	84	10	18	16	12	43
39,004	8,243	20,046	60,624	8,494	22,255	9,564
102,518	55,001	28,361	117,512	6,720	33,918	30,744
144,019	141,668	102,619	43,027	87,656	88,436	76,961

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

	2021	2020	2019
Police:			
Stations	3	3	4
Fire:			
Fire stations	10	10	10
Public Works:			
Street (miles)	424	424	422
Streetlights *	12,183	12,178	12,015
Traffic Signals	304	303	303
Parks, Recreation and community services			
Number of parks	45	45	44
Number of libraries	2	2	2
Number of recreation facilities	18	18	18
Number of municipal swimming pools	5	5	5
Number of municipal tennis centers	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS
Number of miles of bike trails	13	13	13
Water:			
Water mains (miles)	480	480	480
Maximum daily capacity (thousands of gallons)	146,000	146,000	146,000
Number of water wells	20	20	20
Number of reservoirs	10	10	10
Number of hydrants	5,027	5,042	5,008
Sewer:			
Sewer mains (miles)	398	398	398

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

Source: City of Santa Ana

SCHEDULE 21

2018	2017	2016	2015	2014	2013	2012
4	4	4	2	2	3	3
10	10	10	10	10	10	10
422	422	422	422	422	422	422
3,515	2,909	2,871	2,861	1,872	1,822	1,805
303	299	297	297	297	297	297
44	44	44	44	44	41	35
2	2	2	2	2	2	2
18	17	17	18	18	18	17
5	5	5	5	5	5	5
2 WITH 25 COURTS						
13	13	13	13	13	13	11
480	480	480	480	480	480	481
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
5,002	4,955	4,899	4,844	4,826	4,815	4,815
390	390	390	390	390	390	390



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