

CITY OF SANTA ANA,
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2015

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



CITY OF SANTA ANA, CALIFORNIA

2015
Comprehensive Annual
Financial Report

For the Fiscal Year Ended June 30, 2015

Prepared by
Finance & Management Services Agency

Francisco Gutierrez
Executive Director



Comprehensive Annual Financial Report

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



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

CITY OF SANTA ANA

20 Civic Center Plaza • P.O. Box 1988
Santa Ana, California 92702
www.santa-ana.org

December 3, 2015

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

In accordance with the requirements of the California State law and City Charter, it is our pleasure to present the Comprehensive Annual Financial Report (CAFR) for the City of Santa Ana (the City) for the fiscal year ended June 30, 2015. State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed independent certified public accountants.

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

The City's financial statements have been audited by Macias Gini & O'Connell LLP (MGO), a firm of certified public accountants who were selected via a competitive bid process. The auditors have issued unmodified opinions on these financial statements. Such opinions state that the auditors feel the City adhered to the applicable accounting regulations appropriately and that the financial report is fairly presented in all material respects in accordance with accounting principles generally accepted in the United States. Their report is located at the front of the financial section of the report.

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

SANTA ANA CITY COUNCIL

Miguel A. Pulido
Mayor
mpulido@santa-ana.org

Vincent F. Sarmiento
Mayor Pro Tem, Ward 1
vsarmiento@santa-ana.org

Michele Martinez
Ward 2
mmartinez@santa-ana.org

Angelica Amezcua
Ward 3
aamezcua@santa-ana.org

P. David Benavides
Ward 4
dbenavides@santa-ana.org

Roman Reyna
Ward 5
rreyna@santa-ana.org

Sal Tinajero
Ward 6
stinajero@santa-ana.org

Independent Audits

The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 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. The independent auditor 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, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

If over \$500,000 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 U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. For the year-ended June 30, 2015, the City expended over \$500,000 in federal grant monies and thus is required to undergo a Single Audit. The standards governing the OMB Circular A-133 audits (Single Audit) 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Due to the size and complexity of the City's financial systems and the timing of the audit, the Single Audit report is issued separately from the CAFR. The Single Audit reports are finalized during the first calendar quarter and available upon request.

City Profile

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

Founded in 1869, Santa Ana is located in Southern California adjacent to the Santa Ana River, within 10 miles (16 km) from the California coast. The City is part of the Greater Los Angeles Area which, according to the U.S. Census Bureau, is the second largest metropolitan area in the U.S., with almost eighteen million people. According to the 2000 U.S. Census, of U.S. cities with more than 300,000 people, Santa Ana is the 4th-most densely populated behind only New York City, San Francisco, and Chicago, and slightly denser than Boston. Santa Ana is 57th most populous in the nation according to the 2011 Census and the 11th largest in the State.

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

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

Moreover, Santa Ana is the 2nd largest City within Orange County occupying 27.2 square miles and serving a population of 335,264. Centrally located within Orange County, the City houses both State and Federal agencies, County Administration, County Court functions and the Ronald Reagan Federal Court House within its civic center complex. The current Office of Management and Budget metropolitan designation for the Orange County Area is Santa Ana–Anaheim–Irvine.

Santa Ana is also home to many attractive amenities such as the Main Place shopping mall, the world renowned Bowers Museum, the Discovery Science Center, and the Santa Ana Zoo at Prentice Park which includes a variety of animal exhibits such as Amazon's Edge and The Crean Family Farm. Santa Ana also boasts many unique shops, premier restaurants and artist galleries in the Historic Downtown Santa Ana area.

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

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

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

Budget Planning and Control

Strategic Plan

On March 18, 2014, the City Council adopted a Five-Year Strategic Plan that outlined seven strategic goals which provides the foundation for the overall plan. Each strategic goal contains primary objectives and strategies that fulfill those goals and objectives. The plan was the culmination of nine outreach events with more than 2,100 participants and generated over 1,300 comments. As such, the Strategic Plan provides a comprehensive view in terms of what is important to the City and provides guidance as to allocating funding in the City's annual budget. The annual budget then serves as the foundation for financial control.

The City maintains budgetary controls by ensuring compliance with legal provisions of the annual budget. Operating and capital budgets are legally adopted by ordinance and the level of legal budget control is by fund, department (e.g., police), and program (e.g., police patrol). The budget is posted on-line along with the City's financial statements. City staff is working to provide additional

budgetary information on-line in conformance with the City's Strategic Plan and further enhance its existing transparent environment.

In terms of the budget process, the cycle begins in December with the distribution of policy and budgetary assumptions to departments in conjunction with budget process and calendar presentations to Council committees. During the month of January, City agencies begin to submit requests for appropriations to the City Manager for review and approval. This coincides with the annual update of the City's one-year Forecast and four-year Financial Projection. A series of internal budget meetings lead to the development of a preliminary draft of the City's Trial Budget and Capital Improvement Program (CIP). The Trial Budget along with the CIP is then presented through a number of committee and community meetings for general public input. A final budget and CIP is then prepared for submission to the City Council for review.

The City Manager then presents the proposed budget and CIP to the Council for review and adoption prior to June 15. The Council is required to hold public hearings on the proposed budget and adopt a final budget by no later than July 31. Upon adoption of the budget, department heads may make appropriation adjustments within a department. Appropriation adjustments between departments; however, require the special approval of the City Council. The Comprehensive Annual Financial Report includes budgetary comparisons for individual governmental funds for which a budget has been adopted. The general fund comparison is presented on page 130 as part of the basic financial statements for the governmental funds. Governmental funds comparison, other than the general fund, with appropriated annual budgets, is presented in the governmental fund subsection of this report, which starts on pages 131 through 132 as well as on pages 148 through 151.

Economic Condition and Outlook

On February 17, 2015, City Staff developed and presented a one-year financial forecast and four-year financial projection. The long-range forecast is a useful tool and a financial management best practice to provide policy makers a road map guiding strategic decision-making. Key elements of the one year forecast are included in the proposed budget for fiscal year 2015-16 such as: continued maintenance of the twenty percent (20%) general fund reserve level, moderate growth in Sales Tax, updated revenue projections in the City's Utility Users Tax, and various innovation and efficiency measures.

Additionally, the forecast and financial projection reflects the City's maintenance of a balanced budget, specifically recurring revenues equal recurring appropriations. However, in the event of an economic downturn, policy makers will have the ability to prioritize the programs and services within the context of the strategic plan and corresponding budget.

Regarded by many as the downtown of Orange County, the City continuously strives to foster a business friendly climate. Currently the City is undergoing a dramatic transformation of its City core or "Downtown District," via the modernization of its Parking facilities which allow visitors, workers and residents the opportunity to experience both the new and exciting entertainment and dining establishments. Various restaurants and entertainment activities such as the Downtown Art Walk and holiday festivals have resulted in an increase in visitors to the Downtown District along with a corresponding gain in Sales and Property taxes to the City. With the proposed Street Car expected to be completed in 2019, the City is currently experiencing a "Renaissance" and transforming the area into one of the region's most desirable live, work and play destinations.

Major economic projects completed during the fiscal year 2014-15 included the expansion of the Main Place Mall. The expansion included the addition of various dining establishments such as the Panini Café, Applebee's along with the health and wellness gym 24-Hour Fitness and furniture retailer Ashley Furniture. In the upcoming fiscal year the City will strive to continue momentum in spurring economic development via offering of incentives to build four or five star rated hotel along with renovating existing Automobile dealerships within its wildly successful Auto Mall.

As noted above the Street Car is an exciting Capital Project expected to spur economic development, create jobs and generate revenue for the City. Additionally, the City has completed various repairs arterial and infrastructure improvements to City Streets and bikeways. The capital investment has allowed City visitors and residents the opportunity to travel in a safe, efficient and timely manner on its roadways.

Local Economy

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

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

Currently the City is advancing on all key areas, the top six revenue sources for the City; sales tax, property tax, property in-lieu of VLF, utility user's tax, business license and hotel visitor's tax; experienced 11.89% growth over a three-year period (FY 2014-15 vs FY 2012-13). Specifically, sales tax and hotel visitor's tax have increased 10.42% and 19.93% respectively during this period. Increased economic activity as reflected in an increase with both the property and building valuations provides a stable and reliable source of income such as property tax.

In order to ensure and sustain long term growth, the City has formed an Economic Development Taskforce. The taskforce in essence is charged with developing a comprehensive Economic Development plan consistent with the City Strategic Plan. Emphasis will be in business attraction and retention by creating a business friendly environment and creating a safe and attractive environment. The benefit would not only include a healthier revenue stream for the City but creating job opportunities for the community.

Overall, the City has prospered over the last three years posting gains in all areas that impact economic growth. According to the State of California Employment Development Department (EDD) August 2015 preliminary numbers, California's unemployment rate fell to 6.1%, Orange County was at 4.5%, while Santa Ana which had reached a high of 15% in 2010 has dropped to 5.2%.

Long-term financial planning

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

During the budget process for FY 2012-13, the City committed to establishing a fundamental strategy of balancing budgets by adopting a formal budget and reserve policy, which provides guidelines for a balanced budget approach, use of one-time funds, and appropriate reserve levels as recommended by the Government Finance Officers Association (GFOA). At the end of fiscal year 2014-15, the City continued to maintain its reserve level of 20% of General Fund expenditures along with maintenance of its economic uncertainty account. Additionally, a pension stability reserve has been established; the initial task in the City's plan to confront future pension obligations. The City has also continued to evaluate its various funds to maintain adequate reserves levels to meet emergency repairs, capital needs and unforeseen expenditures. Furthermore, as the city monitors local and national economic trends it will continue to evaluate the amount required to maintain as a reserve for its General Fund. In addition, to the reserve levels maintained within its General Fund, the City has also implemented various measures to improve the City's financial health, such as the establishment of the 20% operating expense reserve for its various enterprise and internal services funds.

As a result of the City department needs, staff's prudent financial management of their budget, continued implementation of innovations and efficiencies, and a continued increase in revenues, the general fund generated a surplus for fiscal year 2014-15. During an October 2015 City Council meeting, appropriation of \$11.25 million of the general fund surplus was allocated for one-time spending. The one-time appropriation funding allows for the City to address including but not limited to the following projects: deferred capital maintenance; fleet equipment replacement; renovation of various park and leisure facilities; lighting at City parks; implementation of the City's IT strategic plan; and establishment of a pension stability reserve fund to offset and/or address future benefit contributions or unfunded pension liabilities. The surplus funding is projected to be spent over the next three fiscal years along with the completion of the corresponding projects.

Over the next fiscal year, the City will commence the process of requesting a stand-alone assessment of its Credit Rating to be conducted by a nationally recognized credit rating agency. The assessment process is expected to confirm the City's prudent fiscal management and to determine if healthy reserves are maintained for City-Wide Funds. In addition, the City will continue to ensure that all operational areas continue to maintain sound fiscal and legal assessments as it strives to maintain a stable financial environment.

As a means to provide additional services to the community and reduce the burden on city finances, the City will continue to research and apply for both Federal and State grant opportunities which are in alignment with City's Five-Year Strategic Plan. Through the efforts of our departments and the citywide grants task force, the City secured \$57.2 million in continuing and competitive grant funding in fiscal year 2015-2016. Also through the efforts of the Santa Ana Police Department, the Department of Homeland Security has awarded the City the Urban Area Security Initiative Grant (UASI) for eleven consecutive years. The Santa Ana Police Department UASI grant budget for fiscal year 2015-16 is \$4.4 million. This financial assistance will provide funding to address the unique planning, equipment, training, and exercise needs of large urban areas and to assist the City in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism.

A key innovation and efficiency measure is the City's goal in maintaining a diverse and stable revenue base. The modernization of the City's Utility Users' Tax (UUT) during fiscal year 2014-15 exemplified this innovation via reducing the assessed rate to City residents and business and expanding the services for which the assessment is assessed. The measure along with its increase in revenue will provide the City another tool in maintaining long-term financial stability.

As the economy improves, it is anticipated that Santa Ana will continue to experience modest population growth through 2025. To ensure a thriving community the City has always placed emphasis in providing and maintaining a solid infrastructure and essential community facilities. As such, the City strives to ensure proper levels of maintenance for our infrastructure, public buildings, parks and neighborhoods. This is reflected in the \$68.0 million Capital Improvement Program. Fiscal year 2015-2016 includes: \$16.0 million committed for street resurfacing, and reconstruction of damaged curbs, and sidewalks; \$11.6 million for traffic safety/mobility improvements; \$31.2 million for improvements to the water and sewer systems; \$1 million for storm drain/water quality improvement; \$6.0 million for improvements at city parks and public facilities; \$2.1 million for zoo facility improvement.

Relevant Financial Policies

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

In addition, the fiscal policy provided the goal and framework for achieving the 20% in General Fund Reserves. These reserves can only be accessed by two-thirds vote of the City Council and must be accompanied by a plan to replenish the reserves to the original amount. During fiscal year 2014-15 the City continues to meet its 20% reserve for the General Fund.

Major Initiatives

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

- A safe and secure community is essential to the quality of life and economic success for the City. The Santa Ana Police Department participated and collaborated with government agencies and community groups to assist in reducing criminal behavior and providing resources for the homeless population and to enhance security measures and provide a safe environment.

- During the fiscal year the Public Works Agency (PWA) has completed various projects including but not limited to the following: resurfacing of City arterial streets; park improvements such as installation of exercise equipment at Garfield Park and the installation of secure bike parking facilities powered by alternative energy sources; and the continued improvements of City roadways such as the Bristol widening project via the creation of an additional lane and a corresponding bikeway.
- The Santa Ana Police Department is updating the City's Emergency Operation Center (EOC) emergency preparedness plan to include a community evacuation strategy to respond to natural disasters and partner with emergency assistance and disaster relief organizations to promote community awareness of emergency preparedness (e.g. citywide community preparedness day).
- The City's Parks, Recreation & Community Services Agency (PRCSA) partnered with the California Endowment, Schools, charitable foundations and other non-profit organizations to implement health and wellness programming (including a healthy Santa Ana website) based on quantifiable and measurable data and also expanded Senior Center programming to provide greater enrichment and explore activities in art, culture and health.
- The PRCSA during the most recently completed fiscal year sponsored various events for the community. Key components of its program were events held within the City's Downtown district such as the annual Fiestas parade and SOMOS (Sunday on Main Open Streets). SOMOS provided city residents an opportunity to utilize the City streets via bicycle. Additionally, the City's youth took part in various activities sponsored by the PRCSA including the "Catalina Campout" and Nature Lecture Series. The diverse program offered for the City's youth is a key strategy by City leaders to provide our most valuable residents the opportunity to explore new horizons and gain the skills of tomorrow.
- The City's Library is utilizing the E-Library program funding including leveraging the Roosevelt/Walker Prop 84 funding to ensure the new community center also serves as a Library with a focus on electronic media such as eBooks, Internet, and remote check-out services from the Main Library.
- The City's Community Development Agency partnered with The California Endowment, Santa Ana College, Chapman University, UCI, CSUF and other institutions of higher education to design career pathway programs that support priority workforce industries (Retail, healthcare, manufacturing, renewable energies) that results in faster reemployment of Santa Ana's residents.
- The City's Finance and Management Services Agency implements new technology to improve the delivery of services and information to staff and the community. The City will implement OpenGov, E-checks software systems to increase transparency and customer service to the community, provide free Wi-Fi to visitors at City Hall, Council Chamber, Train Station, and Senior Centers. During the upcoming fiscal year (2015-16), the City will seek to add Wi-Fi capabilities to the Police Station and City recreational facilities and buildings improving the experience for patrons and City staff.

- Completed an Information Technology (“IT”) Assessment to identify areas of opportunity and to leverage the use of technology for the delivery of programs and services.
- On February 17, 2015, City Staff developed and presented a one-year financial forecast and four-year financial projection. The long-range forecast is a useful tool and a financial management best practice to provide policy makers a road map guiding strategic decision-making. Key elements of the one-year forecast are included in the proposed budget for fiscal year 2015-16 such as: continued maintenance of the twenty percent (20%) general fund reserve level, moderate growth in Sales Tax, updated revenue projections in the City’s Utility Users Tax, and various innovation and efficiency measures.

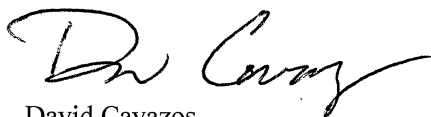
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. The City has received this prestigious award for thirty seven consecutive years. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



David Cavazos
City Manager



Francisco Gutierrez
Executive Director
Finance & Management Services

GFOA Certificate of Achievement

Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2014



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, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

Directory of City Officials

June 30, 2015

Miguel A. Pulido

Mayor

Vincent F. Sarmiento

Mayor Pro Tem

Angelica Amezcua

Councilmember

P. David Benavides

Councilmember

Michele Martinez

Councilmember

Roman A. Reyna

Councilmember

Sal Tinajero

Councilmember

David Cavazos

City Manager

Sonia R. Carvalho

City Attorney

Maria D. Huizar

Clerk of the Council

Kelly Reenders

Executive Director

Community Development

Francisco Gutierrez

Executive Director

Finance & Management Services Agency

Edward S. Raya

Executive Director

Personnel Services Agency

Hassan Haghani

Executive Director

Planning & Building Agency

Carlos E. Rojas

Police Chief

Police Department

Gerardo R. Mouet

Executive Director

Parks, Recreation & Community Service Agency

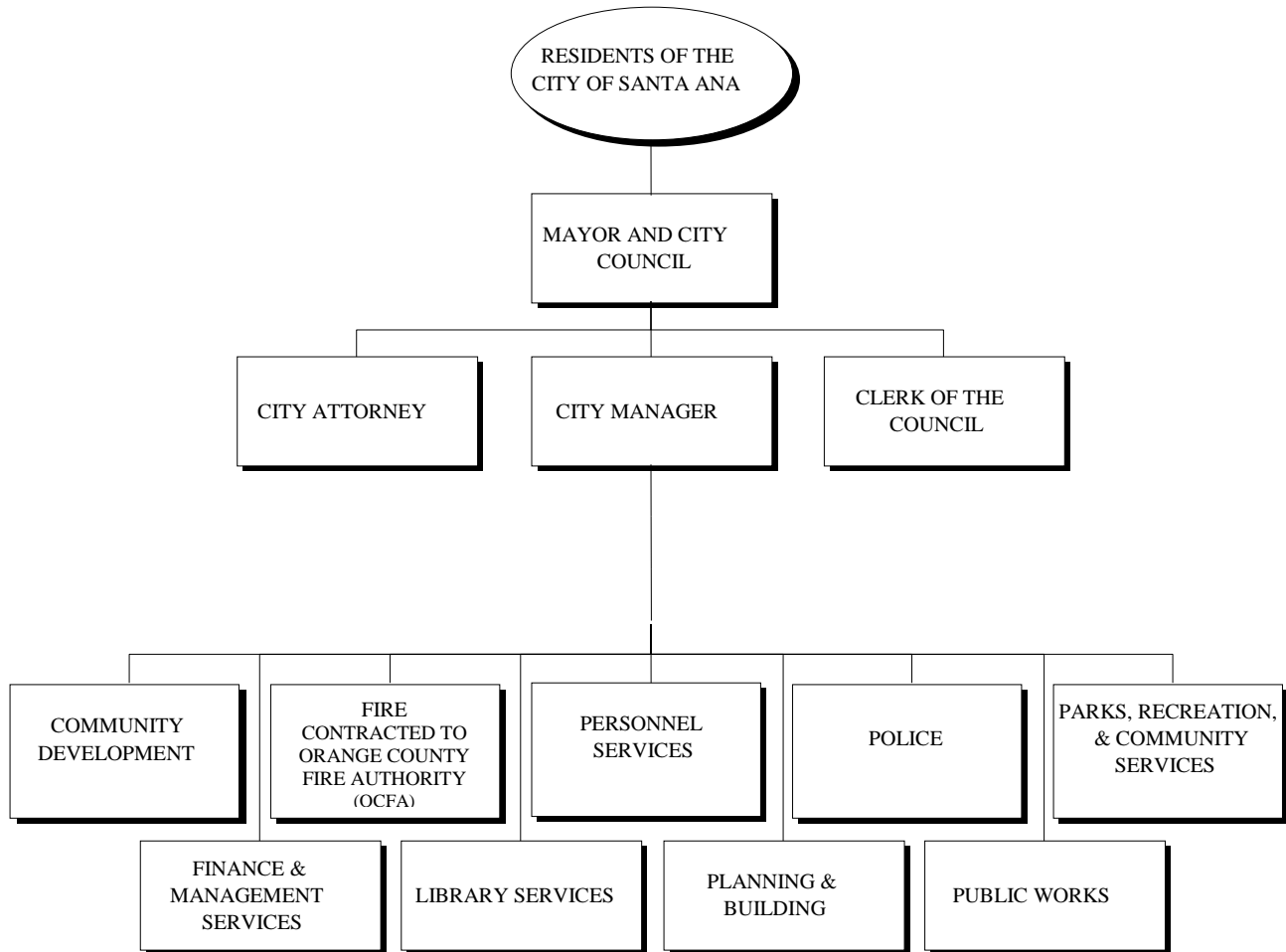
Farhad Mousavipour

Executive Director

Public Works Agency

Table of Organization

Fiscal Year 2014-2015





CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Financial Section





Independent Auditor's Report

To the Honorable City Council
City of Santa Ana, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Ana, California (the City), as of and for the fiscal year ended June 30, 2015, 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.

Auditor's 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1E and 4E to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinions are not modified with respect to this matter.

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 information, information related to the pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 accompanying introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Macias Gini & O'Connell LLP

Newport Beach, California
December 3, 2015

CITY OF SANTA ANA, CALIFORNIA

Management's Discussion and Analysis



Management's Discussion and Analysis

As management of the City of Santa Ana (City), we offer the readers of the City's financial statements this narrative overview and analysis of financial activities for fiscal year end June 30, 2015. 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 1-9 of this report. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$797,070 (net position). Of this amount, \$901,892 is net investment in capital assets, \$240,901 is restricted for various programs and a deficit of \$(345,723) is unrestricted. The unrestricted net position deficit is largely attributable to the City's implementation of Government Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions.*" (GASB 68) and Governmental Accounting Standards Board Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68*" (GASB 71), which resolves transition issues in GASB 68. As a result of the implementation of these standards, the City recorded a net pension liability in the amount of \$417,731 and deferred outflows and inflows of resources in the amount of \$29,169 and \$92,787, respectively.
- The City's Cash and Investments (including restricted assets) increased \$33,138 or 11.07% from fiscal year 2013-14 totaling \$299,247. The increase is largely as a result of the increase in Property taxes, Business taxes, Hotel visitor's taxes, Franchise taxes and Sales tax shared revenues, as well as one time true-up allocation of State mandated cost reimbursements. The Cash and Investments amounts to 19.59% of the City's total assets.
- The City's net position increased, which include both governmental and business-type activities, \$33,092 during the current fiscal year. The increase is largely as a result of increases to the City's top six revenues which include but is not limited to various tax receipts for sales, property, business, hotel visitor's and franchises. Additionally, the net position increase is a result of reduction in labor costs via a moderated hiring strategy and implementation of innovation and efficiency measures.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$190,498, an increase of \$22,189 (13.18%) as compared to the prior fiscal year. The increase was primarily due to the increase in tax revenues (sales and property taxes), license and permits, and sale taxes shared revenue. Total fund balance (nonspendable, restricted, assigned, and unassigned) for the General Fund totaled \$71,842, representing an increase of \$17,783 (32.90%) when compared to the prior fiscal year. During the budget process for fiscal year 2012-13, the City Council adopted a formal reserve policy as well as a financial plan in order to achieve and maintain adequate reserve levels. As of June 30, 2015, the unassigned fund balance for the General Fund was \$45,891. The unassigned fund includes the City's balance of 20% operating reserve (\$41,513) of fiscal year 2014-15 budgeted operating expenditures as well as the economic uncertainty reserve of \$3,846 (See Note 4H on pages 126 through 127) as defined in the adopted reserve policy.
- The City experienced a net increase in its total bonded debt and loans by \$1,011 during the fiscal year as a result of the City's meeting its annual debt service (principal repayments) while continuing to fund new issues such as the 800MHz telecommunication capital lease, which enhances Public Safety inter-agency communications, and the issuance of the Water Revenue Refunding Bonds, Series 2014. (See Note 3D on page 90 through 103).

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 general government, human resources, finance and management services, museum, library, recreation and community services, police, fire, planning and building, public works and community development. The business-type activities of the City include Water, Parking, Sewer, Refuse Collections, Transportation Center, Sanitation, 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 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. While the Successor Agency is a blended component unit of the City, 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 fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Grants, Special Revenue Housing Authority, Special Revenue Gas Tax, Capital Projects Housing Successor Agency, Capital Projects Street Construction, and Debt Service Santa Ana Financing Authority, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the Supplementary Information.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Housing Authority, Special Revenue Gas Tax and other nonmajor Special Revenue Funds, including Sewer Connection Fee, Civic Center and 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, Refuse Collections, Transportation Center, Sanitation, 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 systems. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities*, in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Parking and Sewer operations which are considered to be major funds of the City. Remaining nonmajor enterprise funds and all internal service funds are aggregated in a single column in the proprietary fund financial statements, respectively. Individual fund data for the nonmajor enterprise and all internal service funds are provided in the form of *combining statements* in the Supplementary Schedules.

The basic proprietary fund financial statements can be found on pages 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 accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on page 63-64 and 181-185 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 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, and OPEB Schedule of Funding Progress. Required supplementary information can be found on pages 130-139 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources of the City's government-wide activities exceeded liabilities and deferred inflows of resources by \$797,070 at the close of fiscal year 2014-15 as compared to the net position of \$1,246,981 in fiscal year 2013-14.

By far the largest portion of the City net position reflects its investment in capital assets (e.g., land, right of way, street trees, buildings, improvements, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City utilizes these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Santa Ana Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 405,700	\$ 381,116	\$ 80,341	\$ 71,184	\$ 486,041	\$ 452,300
Capital assets, net of accumulated depreciation	933,847	930,368	107,550	108,968	1,041,397	1,039,336
Total assets	1,339,547	1,311,484	187,891	180,152	1,527,438	1,491,636
Deferred outflows of resources:						
Deferred charge on refunding	7,049	7,839	659	888.00	7,708	8,727
Pension contributions subsequent to measurement date	27,467	-	1,702	-	29,169	-
Total deferred outflows of resources	34,516	7,839	2,361	888	36,877	8,727
Liabilities:						
Long-term liabilities	603,940	206,139	45,626	19,901	649,566	226,040
Other liabilities	15,507	16,707	9,385	10,635	24,892	27,342
Total liabilities	619,447	222,846	55,011	30,536	674,458	253,382
Deferred inflows of resources:						
Net differences between projected and actual earnings on plan investments	88,187	-	4,600	-	92,787	-
Net position:						
Net investment in capital assets	807,136	797,222	94,756	92,652	901,892	889,874
Restricted	238,034	227,514	2,867	4,033	240,901	231,547
Unrestricted	(378,741)	71,741	33,018	53,819	(345,723)	125,560
Total net position	\$ 666,429	\$ 1,096,477	\$ 130,641	\$ 150,504	\$ 797,070	\$ 1,246,981

A portion of the City's government-wide activities net position (30.22%) represents resources that are subject to external restrictions on how they may be used. As of June 30, 2015, the City's government-wide activities unrestricted net position maintains a deficit of \$345,723.

As previously noted, the City implemented GASB 68 and 71 during the fiscal year ended June 30, 2015. The City did not reflect these pension standards in the 2014 results because the necessary actuarial information from the California Public Employees' Retirement System was not provided for the prior years presented. However, as of July 1, 2014, the City restated its beginning net position in the amount of \$483,003 to record the beginning deferred pension contributions and net pension liability.

Governmental activities. Governmental activities increased the City's net position by \$27,021, thereby accounting for 81.65% of the total growth in net position. Key elements related to the increase is as a result of an increase in property taxes in the amount of \$6,652 (10.06%), Sales tax shared revenue increased by \$879 (1.98%) and Hotel visitors' tax revenue also increased by \$464 (5.45%) reflecting of an improved local economy.

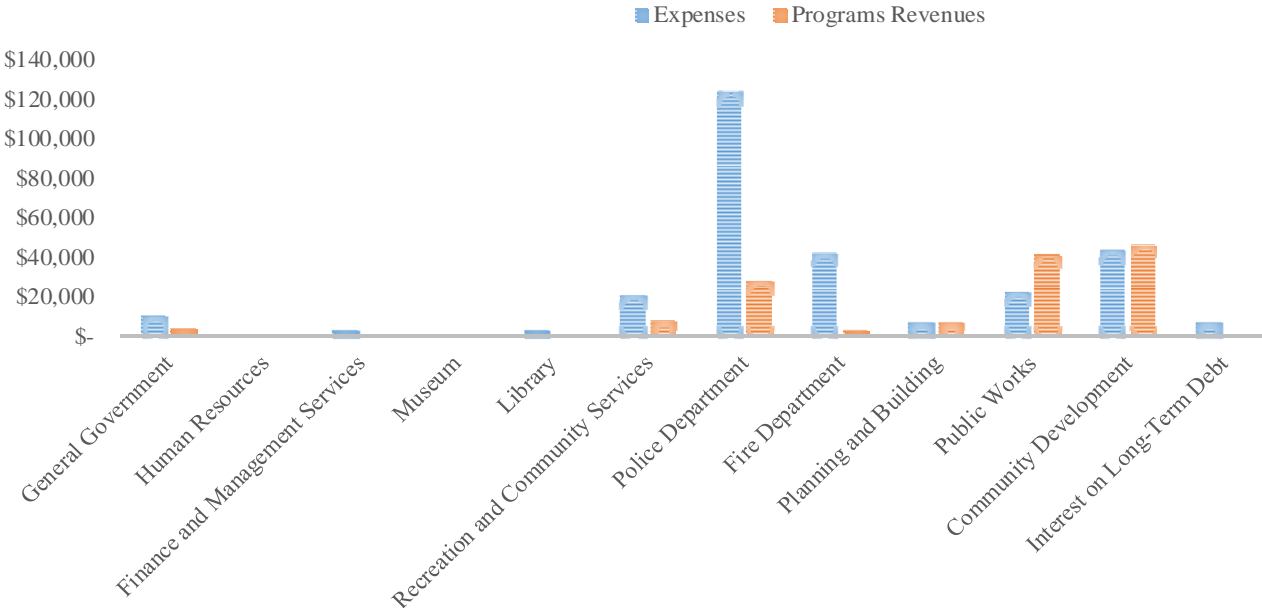
Certain revenues when compared to the prior fiscal year experienced decreases such as charges for services in the amount of \$4,220 (-7.57%) primarily due to the decrease in Police Jail Facility rental revenue (-14.50%) during the year. However the Police department has renegotiated the Santa Ana Jail per diem rates with the U.S. Marshalls which are projected to increase future City's Jail Facility rental revenue. Operating and capital grants contributions for governmental activities also decreased by \$23,411 (-20.57%), primarily due to the reduction of the Urban Areas Security Initiative (UASI) grant.

City of Santa Ana's Changes in Net Position

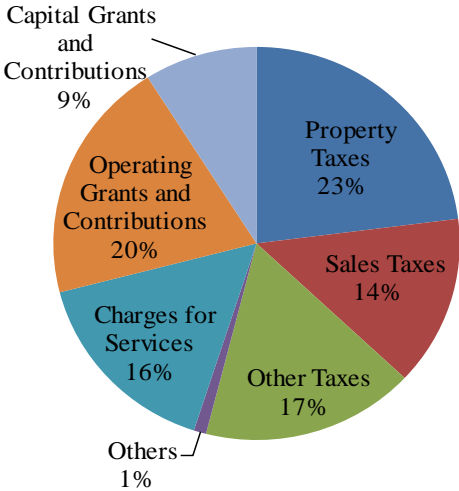
	Governmental		Business-type		Total	
	Activities		Activities			
	2015 *	2014	2015 *	2014	2015 *	2014
Program revenues:						
Charges for services	\$ 51,559	\$ 55,779	\$ 84,808	\$ 91,262	\$ 136,367	\$ 147,041
Operating grants and contributions	64,711	77,494	77	92	64,788	77,586
Capital grants and contributions	25,624	36,252	-	-	25,624	36,252
General revenues:						
Property taxes	72,750	66,098	-	-	72,750	66,098
Hotels visitors' taxes	8,983	8,519	-	-	8,983	8,519
Utility users taxes	24,919	25,035	-	-	24,919	25,035
Business taxes	11,343	11,201	-	-	11,343	11,201
Franchise taxes	8,316	7,984	-	-	8,316	7,984
Other taxes	996	1,169	-	-	996	1,169
Intergovernmental, unrestricted:						
Motor vehicle licenses	147	152	-	-	147	152
State mandated costs & reimbursements	2,777	369	-	-	2,777	369
Sales tax shared revenue	45,246	44,367	-	-	45,246	44,367
Investment income (loss)	1,265	1,598	360	568	1,625	2,166
Others	10	6	-	-	10	6
Total revenues	318,646	336,023	85,245	91,922	403,891	427,945
Expenses:						
General government	10,839	10,736	-	-	10,839	10,736
Human resources	1,092	1,184	-	-	1,092	1,184
Finance and management services	3,771	4,324	-	-	3,771	4,324
Museum	1,958	1,923	-	-	1,958	1,923
Library	3,950	4,005	-	-	3,950	4,005
Recreation and community services	21,500	24,685	-	-	21,500	24,685
Police department	123,812	120,714	-	-	123,812	120,714
Fire department	42,598	39,439	-	-	42,598	39,439
Planning and building	7,797	7,856	-	-	7,797	7,856
Public works	22,751	20,711	-	-	22,751	20,711
Community development	44,604	55,537	-	-	44,604	55,537
Interest on long-term debt	7,576	8,080	-	-	7,576	8,080
Water	-	-	45,217	44,912	45,217	44,912
Parking	-	-	2,852	2,795	2,852	2,795
Refuse collections	-	-	15,946	15,948	15,946	15,948
Transportation center	-	-	1,187	1,267	1,187	1,267
Sewer	-	-	4,627	4,761	4,627	4,761
Sanitation	-	-	7,256	7,616	7,256	7,616
Federal clean water protection	-	-	2,033	2,125	2,033	2,125
Total expenses	292,248	299,194	79,118	79,424	371,366	378,618
Increase in net position before transfers and capital contribution	26,398	36,829	6,127	12,498	32,525	49,327
Capital Contribution	567	-	-	-	567	-
Transfers	56	-	(56)	-	-	-
Increase in net position	27,021	36,829	6,071	12,498	33,092	49,327
Net position beginning (as restated)	639,408	1,059,648	124,570	138,006	763,978	1,197,654
Net position ending	\$ 666,429	\$ 1,096,477	\$ 130,641	\$ 150,504	\$ 797,070	\$ 1,246,981

* As of July 1, 2014 the beginning net position was restated as a result of the implementation of GASB 68. See Note 1E.

Expenses and Program Revenues – Governmental Activities



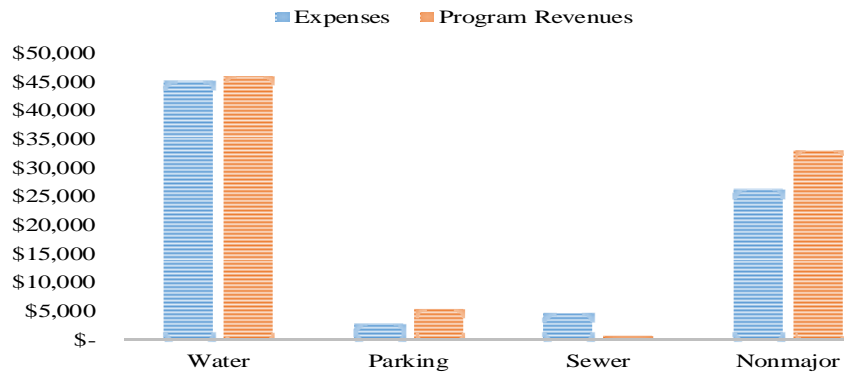
Revenue by Source – Governmental Activities



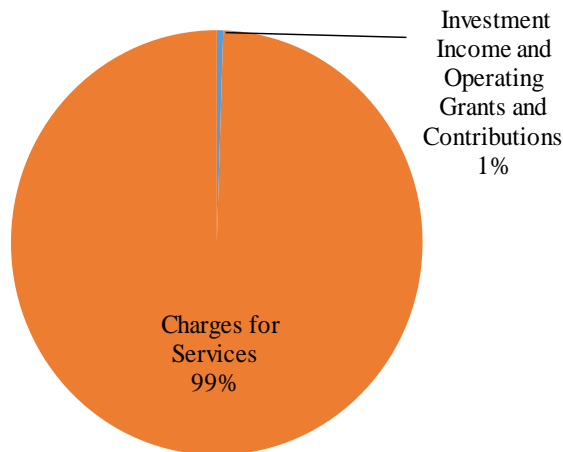
Business-type activities. Business-type activities increased the City’s net position by \$6,071 accounting for 18.35% of the total growth in the City’s net position during the current fiscal year end June 30, 2015 in comparison to the previous fiscal year. The increase is as a result of charges for services continuing to outpace expenditures. However, when comparing charges for services on a year over year basis (fiscal year 2014-15 vs. fiscal year 2013-14), revenues decreased in the amount of \$6,454. Key elements of this decrease are as follows:

- The Water Enterprise experienced a decrease of \$7,044, Parking Funds accounted for an increase of \$535, and Sewer Funds accounted for a decrease of \$261. The nonmajor enterprise funds accounted for an increase of \$316. The decreases in charges for services revenues were primarily due to the implementation of the mandatory 12% reduction in water usage program in response to the severe drought in California and safeguarding the state’s remaining water supplies.
- Investment earnings decreased by \$208 (-36.62%) in business-type activities. The decrease was due to the decrease in unrealized gains on the changes of market value of the investment portfolio. However, the City experienced an increase in its effective interest rate of 0.73% in fiscal year 2014-15 as compared to 0.52% in fiscal year 2013-14.
- Total expenses for business-type activities decreased by \$306 (-0.39%) as compared to the prior fiscal year. The decrease was primarily due to the decrease in purchased commodities and labor savings in fiscal year 2014-15.

Expenses and Program Revenues – Business-Type Activities



Revenue by Source – Business-Type Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending total fund balances of \$190,498 of which \$43,588 constitutes the *unassigned fund balance*. The remainder of the total governmental fund balance is allocated as follows: 1) \$21,561 assigned to both contractual obligations and continuing projects; 2) \$28,698 for non-spendable items; and 3) \$96,651 restricted for specific spending.

The General Fund is the chief operating fund for the City. At the end of the current fiscal year, the fund balance of the General Fund was \$71,842 (includes non-spendable amount of \$3,435, assigned amount of \$21,561, restricted amount of \$955 and unassigned amount of \$45,891) as compared to \$54,059 in fiscal year 13-14. Significant improvements in the General Fund's fund balance were achieved as a result of increases in revenues along with various cost reduction strategies implemented over the previous fiscal years.

From a revenue perspective, Santa Ana's major revenue sources within the General Fund continue to show signs that the economy is both improving and experiencing modest growth. During fiscal year 2014-15, property taxes and hotel visitors' taxes increased 10.06% and 5.45% respectively; Sales tax shared revenue increased 1.98% when compared to fiscal year 2013-14. The revenues received in license and permit category also increased 62.40%, primarily due to the rise in building permit fees received.

The City continues to implement various administrative cost reduction strategies. During the fiscal year 2014-15, the City's General Fund expenditures were under budget by 7.50%. However, during the current fiscal year actual expenditures increased 5.12% largely due to the City's General Fund entering into a capital lease for its 800MHz telecommunication with the County of Orange local agency participants (municipalities).

As a measure of General Fund liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. The Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures, roughly a 15% to 20% reserve level. The City's unassigned fund balance in the General Fund is approximately 22.89% (\$45,891) of total fiscal year 2014-15 General Fund operating expenditures.

The Special Revenue Grants' ending fund balance is \$9,919 in fiscal year 2014-15 when compared to fiscal year 2013-14 in the amount of \$9,022. The 9.94% increase was primarily due to a 50% increase in allocation received for Evidence Recovery.

The Special Revenue Housing Authority's fund balance is \$3,644 in fiscal year 2014-15 as compared to the fund balance of \$4,131 in fiscal year 2013-14. The 11.79% decrease was attributable to the U.S. Department of Housing and Urban Development (HUD)'s recent cash management policy. One of the main goals of this policy is to reduce Public Housing Authority (PHA) net restricted asset (NRA) balances to nominal amounts nationwide.

The Special Revenue Gas Tax Fund had a decrease in fund balance of \$2,485 in the current fiscal year. The decrease was primarily due to a decrease in the Gas Tax allocation revenues by 19.24% as compared to fiscal year 2013-14.

The Capital Projects Housing Successor Agency fund incurred a fund balance increase of \$1,380 in the current year. The increase was due to an increase in the allocation received from the Recognized Obligation Payment Schedule (ROPS) which completes the Redevelopment Disposition and Development Housing projects.

The Capital Projects Street Construction Fund ended with a fund balance of \$44,211 in fiscal year 2014-15 as compared to the fund balance of \$41,306 in fiscal year 2013-14. The increase was primarily due to an increase in the total operating transfers from the Special Revenue Gas Tax Fund for street construction and maintenance costs.

The Debt Service Santa Ana Financing Authority Fund incurred a decrease in the amount of \$324 for the current year. The decrease was primarily due to principal and interest payments on its existing debt being \$326 higher than transfers in from other funds.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Water Fund's net position increased \$755 during fiscal year 2014-15 as compared to fiscal year 2013-14. The 0.97 % increase was primarily due to the savings in administrative costs.

The Parking Fund's net position increased \$2,493 during fiscal year 2014-15 as compared to fiscal year 2013-14. The 19.00% increase represents the degree to which increases in ongoing revenues have outperformed similar increases in ongoing expenses.

The Sewer Fund's net position increased \$168 during fiscal year 2014-15 as compared to fiscal year 2013-14. The 0.83% increase represents the degree to which increases in ongoing revenues have outperformed similar increases in ongoing expenses.

Unrestricted net position related to business-type activities decreased \$20,801 (-38.65%) for the current fiscal year as compared to fiscal year 2013-14. The decrease was primarily due to the implementation of GASB 68 and 71. As of July 1, 2014, the City restated its beginning net position in the amount of \$25,935 to record the beginning deferred pension contributions and net pension liability.

General Fund Budgetary Highlights

During the year, there was an increase in the amount of \$19,587 between the original and final amended budget appropriations. The following are the main components of the increase:

- \$6,542 roll forward of fiscal year 2013-14 active purchase orders, contractual obligations and continuing projects into fiscal year 2014-15 budget.
- \$3,014 supplemental appropriation for various departments to implement the 5-Year Strategic Plan in anticipation of the increase in Sales tax shared revenue, Property Tax and Rental revenue from Police Holding Facility.
- \$881 supplemental appropriation for various departments to accommodate the enforcement costs in anticipation of the revenues from Medical Marijuana Registration Application and Regulatory Safety Permit.
- \$1,388 supplemental appropriation to General Government in anticipation of the increase in Police Holding Facility Rental and Franchise Fees.
- \$480 supplemental appropriation to Police department-Traffic Division in anticipation of an increase in Parking Fines.

- \$177 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the donation fund received from the Friends of the Santa Ana Zoo (FOSAZ) for the development of a new Ocelot Exhibit and a trailer at Santa Ana Zoo-Prentice Park.
- \$1,248 supplemental appropriation to the Planning and Building Agency in anticipation of higher than anticipated planning and building activities.
- \$300 supplemental appropriation to the Police department in anticipation of the Jail Pay to Stay Program and of the allocation from Bureau of Prisons Inmate Housing agreement.
- \$167 supplemental appropriation to Police department in anticipation of the cost reimbursement from AB 109 Public Safety Realignment and Post Release Community Supervision.
- \$422 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the increase in revenues received from City Events, such as Plaza Santa Ana events, Cinco de Mayo, Fiestas Santa Ana and 2015 carnival.
- \$4,950 supplemental appropriation to the Community Development Agency - Peebler Settlement Agreement fund for public improvement in the South Main Corridor area in anticipation of the former Redevelopment residual tax increment revenue from the Orange County Controller.
- \$13 supplemental appropriation to Public Works Agency in anticipation of the sharing of the developer contribution for the cost of demolition and construction of sidewalk of the private development at 601 East Santa Ana Boulevard from the Street Construction Capital Projects Fund.
- \$5 supplemental appropriation to the Building & Planning Agency in anticipation of the fund received from the abatement fee to reimburse the cost of special repair and demolition of the abandoned or unsecured building structures in the City.

For the fiscal year ended June 30, 2015, General Fund revenues amounted to \$223,119 which is approximately \$3,386 (or 1.54%) higher than the final budgeted amount. The increases were primarily due to favorable variances in property taxes and in the distribution from the State California Proposition 1A (Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century). General Fund expenditures were \$16,262 (or 7.50%) less than the appropriated amount resulting from the implementation of various innovation and efficiency measures along with cost reduction strategies.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities was \$1,041,397 (net of accumulated depreciation) as of June 30, 2015. The investment in capital assets includes land, right of way, street trees, buildings, improvements, equipment, library material, computer software and infrastructure.

City of Santa Ana Capital Assets

(net of accumulated depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 13,255	\$ 13,255	\$ 7,987	\$ 7,987	\$ 21,242	\$ 21,242
Right of way	455,009	428,617	-	-	455,009	428,617
Street trees	7,705	7,031	-	-	7,705	7,031
Construction in progress	130,289	176,568	7,262	12,034	137,551	188,602
Building	68,584	74,488	2,123	2,341	70,707	76,829
Improvements	32,754	29,886	74,917	71,372	107,671	101,258
Equipment	7,559	8,657	5,107	4,650	12,666	13,307
Infrastructure	213,445	185,938	9,945	10,361	223,390	196,299
Library materials	980	1,037	-	-	980	1,037
Computer software	4,267	4,891	209	223	4,476	5,114
Total	\$ 933,847	\$ 930,368	\$ 107,550	\$ 108,968	\$ 1,041,397	\$ 1,039,336

At the end of the current fiscal year, the City's total capital assets increased by \$2,061 (0.20%). The increase is primarily due to an increase in infrastructure projects during the current fiscal year. Additional information on the City's capital assets can be found in Note 3B on pages 85-87 of this report.

Long-term debt. At the end of the current fiscal year, the City maintained total bonded debt and loans outstanding in the amount of \$159,135. Of this amount, \$105,544 comprised of debt backed by the full faith and credit of the City, \$46,725 represents bonds secured solely by specified revenue sources, and \$6,866 in capital lease obligations and long-term loans.

City of Santa Ana

Long-term Bonded Debt and Loans

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Capital lease obligations	\$ 4,256	\$ -	\$ -	\$ -	\$ 4,256	\$ -
Certificate of participation	61,895	63,220	-	-	61,895	63,220
Lease revenue bonds	31,035	33,550	15,690	12,785	46,725	46,335
Private placement financing	41,475	45,060	-	-	41,475	45,060
Certificates of participation	-	-	555	2,450	555	2,450
Long-term loans & other payables	2,136	823	474	653	2,610	1,476
Less: Bond Discount	(813)	(845)	-	-	(813)	(845)
Add: Bond premium	-	-	2,432	428	2,432	428
Total	\$ 139,984	\$ 141,808	\$ 19,151	\$ 16,316	\$ 159,135	\$ 158,124

At the end of the current fiscal year, Governmental Activities long-term debt had a net decrease of \$1,824 primarily due to the principal repayment of existing debt of \$7,642; an increase of \$5,210 as a result of the City entering into Public Safety 800Mhz telecommunication capital lease and related financing agreement as well as \$608 for energy-efficient LED street lights On-Bill financing Program with Southern California Edison. The long-term debt associated with Business-type Activities increased \$2,835 due to the principal repayment of existing debt for \$15,359 and the issuance of Water Revenue Refunding Bonds, Series 2014 for 15,690. Additional information on the City's long-term debt can be found in Note 3D on pages 90 through 103.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City is 2.5% (\$551,885). During the current fiscal year, total fund balance in the General Fund was \$71,842 (includes non-expendable Fire contract prepayment of \$3,434; restricted \$955 for 800Mhz telecommunication capital lease expenses; assigned amount of \$21,014 and unassigned amount of \$46,439. The assigned fund balance of \$21,014 was committed to contractual obligations (\$1,440) and continuing projects (\$8,324) and \$11,250 was assigned to Surplus Allocation Plan and incorporated into the 2015-2016 fiscal year.

Additionally, the City's various debt issues were reviewed for re-assessment of their individual bond ratings. The positive rating assessment made by the rating agencies reflect a healthy outlook the City and local economy is currently operating in. The assessments are as follows:

- On July 15, 2015, Standard & Poor's Rating Services reported Water Revenue Refunding Bonds, Series 2014 at stable rating of "AA".
- On August 24, 2015, Moody's upgraded the Successor Agency to the Santa Ana Community Development Agency's 2003 Tax Allocation Refunding Bonds (TAB) Series A&B ratings from "Ba1" to "A3."
- On November 5, 2015, Standard & Poor's Rating Services upgraded the Successor Agency to the Santa Ana Community Development Agency's 2003 TAB Series A&B and 2011A TAB ratings from "A" to "A+."
- On November 16, 2015, Fitch Ratings upgraded the Successor Agency to the Santa Ana Community Development Agency's 2011A TAB rating from "A+" to "AA-."

Economic Factors and Next Year's Budget and Rates

The City will continue to build upon its budget and financial policies to ensure future fiscal sustainability. In addition, the City will continue to carry out a work plan to ensure that all financial internal processes undergo an independent assessment as it continues to maintain its financial stability. The City's projected economic outlook and budget summary is as follows:

- The economy is showing signs of modest growth, which is reflected, in overall General Fund revenue exceeding budget by 1.54%.
- General Fund expenditures came in less than budgeted. The savings were primarily due to favorable variances in labor cost and increases in revenues.
- There is a general expectation that the City's unemployment rate will continue to improve given the City's positive sharing in sales taxes, hotel visitors' taxes and business license revenue trends.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director of Finance & Management Services, City of Santa Ana, 20 Civic Center Plaza, Santa Ana, CA 92701.



CITY OF SANTA ANA, CALIFORNIA
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CITY OF SANTA ANA, CALIFORNIA

Basic Financial Statements



CITY OF SANTA ANA, CALIFORNIA

Government - wide Financial Statements



Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments (Note 3A)	\$ 219,590,359	\$ 62,689,900	\$ 282,280,259
Receivables:			
Taxes	3,683,459	3,827	3,687,286
Interest	432,604	80,284	512,888
Accounts, net of allowance	4,368,302	11,069,903	15,438,205
Intergovernmental	20,250,643	-	20,250,643
Loans and notes (Note 3E)	112,697,669	-	112,697,669
Advance to Successor Agency to the Santa Ana Redevelopment Agency	4,751,291	-	4,751,291
Inventory of supplies	759,160	-	759,160
Prepaid items	3,447,341	-	3,447,341
Restricted assets:			
Cash and investments (Note 3A)	4,910,170	6,497,554	11,407,724
Cash and investments with fiscal agents (Note 3A)	5,558,577	3	5,558,580
Land held for resale	25,250,235	-	25,250,235
Capital assets, not being depreciated (Note 3B)	606,259,151	15,249,152	621,508,303
Capital assets, net of accumulated depreciation (Note 3B)	327,587,958	92,300,380	419,888,338
Total assets	<u>1,339,546,919</u>	<u>187,891,003</u>	<u>1,527,437,922</u>
Deferred outflows of resources:			
Charge on refunding, net of accumulated amortization	7,048,730	659,133	7,707,863
Pension contributions subsequent to measurement date	27,466,983	1,701,706	29,168,689
Total deferred outflows of resources	<u>34,515,713</u>	<u>2,360,839</u>	<u>36,876,552</u>
Liabilities:			
Accounts payable	10,393,366	7,364,329	17,757,695
Interest payable	37,648	247,452	285,100
Retention payable	120,731	29,744	150,475
Due to governmental agencies	1,406	-	1,406
Deposits	510,328	1,460,925	1,971,253
Unearned revenue	4,443,630	282,049	4,725,679
Long-term liabilities- due within one year (Note 3D)	20,243,293	1,853,475	22,096,768
Long-term liabilities- due in more than one year (Note 3D)	175,284,947	19,080,293	194,365,240
Postemployment benefits obligation (Note 4G)	13,504,677	1,868,655	15,373,332
Net pension liability (Note 4E)	394,907,393	22,823,978	417,731,371
Total liabilities	<u>619,447,419</u>	<u>55,010,900</u>	<u>674,458,319</u>
Deferred inflows of resources:			
Net differences between projected and actual earnings on pension plan investments	88,186,313	4,600,320	92,786,633
Net Position:			
Net investment in capital assets	807,136,514	94,755,856	901,892,370
Restricted for:			
Debt service	15,079	-	15,079
Capital projects	11,251,904	-	11,251,904
National pollution discharge elimination system	-	2,866,810	2,866,810
Community Development	52,958,840	-	52,958,840
Recreation & Community Services	1,301,178	-	1,301,178
Public Safety	10,110,457	-	10,110,457
Public Works	78,119,293	-	78,119,293
Special revenue housing authority projects	84,276,400	-	84,276,400
Unrestricted	(378,740,765)	33,017,956	(345,722,809)
Total net position	<u>\$ 666,428,900</u>	<u>\$ 130,640,622</u>	<u>\$ 797,069,522</u>

See accompanying Notes to the Basic Financial Statements.

Statement of Activities
Year ended June 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 10,838,485	4,474,369	-	-
Human resources	1,092,380	-	-	-
Finance and management services	3,771,075	792,755	724,484	-
Museum	1,957,491	-	-	-
Library	3,950,457	90,467	10,971	-
Recreation and community services	21,500,319	3,320,272	2,754,461	2,126,332
Police department	123,812,264	19,497,263	8,667,714	-
Fire department	42,597,924	3,465,020	-	-
Planning and building	7,796,669	7,680,854	25,160	-
Public works	22,751,080	8,970,113	9,511,255	23,304,451
Community development	44,603,764	3,267,980	43,016,393	193,235
Interest on long-term debt	7,575,709	-	-	-
Total governmental activities	\$ 292,247,617	51,559,093	64,710,438	25,624,018
Business-type activities:				
Water	45,216,482	45,811,987	-	-
Parking	2,852,163	5,305,611	-	-
Refuse collections	15,946,058	17,269,774	76,962	-
Transportation center	1,186,981	757,064	-	-
Sewer	4,627,221	4,755,711	-	-
Sanitation	7,255,615	8,045,166	-	-
Federal clean water protection	2,033,440	2,862,348	-	-
Total business-type activities	79,117,960	84,807,661	76,962	-
Total	\$ 371,365,577	136,366,754	64,787,400	25,624,018
General revenues:				
Property taxes				
Hotels visitors' taxes				
Utility users taxes				
Business taxes				
Franchise taxes				
Other taxes				
Intergovernmental, unrestricted:				
Motor vehicle licenses				
State mandated costs & reimbursements				
Sales tax shared revenue				
Investment income				
Other revenues				
Capital contributions				
Transfers				
Total general revenues				
Change in net position				
Net position - beginning, as restated (Note 1E)				
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
\$ (6,364,116)	\$ -	\$ (6,364,116)
(1,092,380)	-	(1,092,380)
(2,253,836)	-	(2,253,836)
(1,957,491)	-	(1,957,491)
(3,849,019)	-	(3,849,019)
(13,299,254)	-	(13,299,254)
(95,647,287)	-	(95,647,287)
(39,132,904)	-	(39,132,904)
(90,655)	-	(90,655)
19,034,739	-	19,034,739
1,873,844	-	1,873,844
(7,575,709)	-	(7,575,709)
\$ (150,354,068)	\$ -	\$ (150,354,068)
-	595,505	595,505
-	2,453,448	2,453,448
-	1,400,678	1,400,678
-	(429,917)	(429,917)
-	128,490	128,490
-	789,551	789,551
-	828,908	828,908
-	5,766,663	5,766,663
\$ (150,354,068)	\$ 5,766,663	\$ (144,587,405)
72,750,282	-	72,750,282
8,983,179	-	8,983,179
24,918,869	-	24,918,869
11,342,904	-	11,342,904
8,315,581	-	8,315,581
996,435	-	996,435
146,610	-	146,610
2,776,745	-	2,776,745
45,246,378	-	45,246,378
1,265,004	360,724	1,625,728
9,511	-	9,511
566,935	-	566,935
56,173	(56,173)	-
177,374,606	304,551	177,679,157
27,020,538	6,071,214	33,091,752
639,408,362	124,569,408	763,977,770
\$ 666,428,900	\$ 130,640,622	\$ 797,069,522



CITY OF SANTA ANA, CALIFORNIA
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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 Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, for all grants operated by the City.

Housing Authority Fund accounts for the receipt and disbursement of funds received from the U.S. Department of Housing and Urban Development to provide rental assistance programs for low income residents and senior citizens under Section 8 of the Federal Housing Act of 1937 as amended, and for the receipt of revenues from the issuance of Residential Mortgage Revenue Bonds. The City has elected to treat this fund as a major fund in the accompanying financial statements.

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

CAPITAL PROJECTS FUNDS

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

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

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

DEBT SERVICE FUNDS

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

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

Nonmajor Governmental Funds

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

CITY OF SANTA ANA

**Balance Sheet
Governmental Funds
June 30, 2015**

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Assets				
Cash and investments (Note 3A)	\$ 64,332,897	\$ 10,051,563	\$ 3,640,652	\$ 13,594,607
Receivables (net of allowance for uncollectibles):				
Taxes	3,683,459	-	-	-
Interest	58,773	6,415	2,258	11,784
Accounts	4,347,598	115	20,589	-
Intergovernmental	6,096,685	3,458,268	-	10,000
Loans and notes (Note 3E)	-	51,461,992	-	-
Prepaid items	3,434,420	-	12,921	-
Advance to Successor Agency to the Santa Ana Redevelopment Agency	-	-	-	-
Restricted assets:				
Cash and investments (Note 3A)	-	-	-	4,656,231
Cash and investments with fiscal agents (Note 3A)	1,121,399	4,850	210,566	4,212,789
Land held for resale	-	-	-	-
Total assets	<u>83,075,231</u>	<u>64,983,203</u>	<u>3,886,986</u>	<u>22,485,411</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities:				
Accounts payable	3,603,033	1,789,943	10,469	311,185
Interest payable	34,465	-	-	-
Retention payable	-	-	-	-
Due to other funds (Note 3C)	-	-	-	-
Due to other governmental agencies	-	-	1,406	-
Grant Advances	-	-	-	-
Deposits	299,762	-	210,566	-
Advances payable to other funds (Note 3C)	2,920,000	-	-	-
Unearned revenue-other	4,376,167	-	-	-
Total liabilities	<u>11,233,427</u>	<u>1,789,943</u>	<u>222,441</u>	<u>311,185</u>
Deferred inflows of resources:				
Unavailable revenue	-	53,273,821	20,589	-
Fund balances:				
Nonspendable:				
Prepaid items	3,434,420	-	12,921	-
Land held for resale	-	-	-	-
Restricted for:				
Community development	-	1,284,623	3,631,035	-
Debt service	954,954	-	-	-
Public safety	-	10,119,750	-	-
Street projects	-	-	-	22,174,226
Drainage construction	-	-	-	-
Public works	-	-	-	-
Cultural recreation and community services	-	132,747	-	-
Advance to private-purpose trust fund	-	-	-	-
Assigned to: (Note 4H)				
Contractual obligations	1,439,725	-	-	-
Continuing projects/pension stability	20,121,233	-	-	-
Unassigned: (Note 4H)	45,891,472	(1,617,681)	-	-
Total fund balances	<u>71,841,804</u>	<u>9,919,439</u>	<u>3,643,956</u>	<u>22,174,226</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 83,075,231</u>	<u>\$ 64,983,203</u>	<u>\$ 3,886,986</u>	<u>\$ 22,485,411</u>

See accompanying Notes to the Basic Financial Statements.

GOVERNMENTAL FUNDS

Capital Projects Housing Successor Agency	Capital Projects Street Construction	Debt Service SAFA	Nonmajor Governmental Funds	Total
\$ 8,352,965	\$ 26,097,511	\$ 17,328	\$ 20,352,671	\$ 146,440,194
-	-	-	-	3,683,459
4,993	14,773	-	11,882	110,878
-	-	-	-	4,368,302
-	9,683,525	-	505,292	19,753,770
61,235,677	-	-	-	112,697,669
-	-	-	-	3,447,341
4,751,291	-	-	-	4,751,291
-	-	-	-	4,656,231
8,972	-	1	-	5,558,577
6,265,078	18,985,157	-	-	25,250,235
<u>80,618,976</u>	<u>54,780,966</u>	<u>17,329</u>	<u>20,869,845</u>	<u>330,717,947</u>
7,121	1,724,575	2,250	603,100	8,051,676
-	-	-	-	34,465
-	115,574	-	5,157	120,731
-	-	-	547,967	547,967
-	-	-	-	1,406
-	67,463	-	-	67,463
-	-	-	-	510,328
-	-	-	-	2,920,000
-	-	-	-	4,376,167
<u>7,121</u>	<u>1,907,612</u>	<u>2,250</u>	<u>1,156,224</u>	<u>16,630,203</u>
<u>61,235,677</u>	<u>8,662,195</u>	<u>-</u>	<u>397,220</u>	<u>123,589,502</u>
-	-	-	-	3,447,341
6,265,078	18,985,157	-	-	25,250,235
8,359,809	-	-	1,991,908	15,267,375
-	-	15,079	-	970,033
-	-	-	25,992	10,145,742
-	25,226,002	-	-	47,400,228
-	-	-	3,405,130	3,405,130
-	-	-	7,275,583	7,275,583
-	-	-	7,303,383	7,436,130
4,751,291	-	-	-	4,751,291
-	-	-	-	1,439,725
-	-	-	-	20,121,233
-	-	-	(685,595)	43,588,196
<u>19,376,178</u>	<u>44,211,159</u>	<u>15,079</u>	<u>19,316,401</u>	<u>190,498,242</u>
<u>\$ 80,618,976</u>	<u>\$ 54,780,966</u>	<u>\$ 17,329</u>	<u>\$ 20,869,845</u>	<u>\$ 330,717,947</u>



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015**

Fund balances of governmental funds \$ 190,498,242

Amounts reported for governmental activities in the statement of net position are different because:

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

Cost of capital assets	1,339,014,901	
Accumulated depreciation	(412,239,049)	
Total capital assets used in governmental activities	926,775,852	926,775,852

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

Capital lease obligations	(4,255,657)	
Certificates of participation	(61,895,000)	
Lease revenue bonds	(31,035,000)	
Private placement financing	(41,475,000)	
Long-term loans & other payables	(2,136,062)	
Compensated absences payable	(21,724,236)	
Postemployment benefits obligation	(10,820,648)	
Net pension liability	(414,394,498)	
Bond discount	812,457	
Deferred charges on refunding	7,048,730	
Total governmental activities long-term debt	(579,874,914)	(579,874,914)

Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds. (3,183)

Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental fund. 123,800,433

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. 5,232,470

Net position of governmental activities \$ 666,428,900

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2015

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Revenues:				
Taxes	\$ 125,724,686	-	-	-
License and permits	5,331,971	-	-	-
Intergovernmental	48,394,203	20,668,859	30,080,615	8,985,866
Charges for services	9,763,414	34,438	-	-
Fines and forfeits	5,937,051	-	-	-
Investment income	575,449	222,793	22,622	166,455
Cost recoveries	13,790,166	737	17,618	-
Rental income	13,117,428	-	-	-
Miscellaneous	484,855	211,700	110,863	-
Total revenues	<u>223,119,223</u>	<u>21,138,527</u>	<u>30,231,718</u>	<u>9,152,321</u>
Expenditures:				
Current:				
General government	9,007,372	-	-	-
Human resources	1,143,458	-	-	-
Finance and management services	3,986,534	-	-	-
Museum	1,474,399	-	-	-
Library	3,201,007	300,883	-	-
Recreation and community services	15,866,026	482,361	-	-
Police department	107,504,994	5,324,131	-	-
Fire department	40,167,384	599,582	-	-
Planning and building	6,987,980	582,194	-	-
Public works	4,834,385	-	-	2,765,637
Community development	927,868	10,556,332	30,718,433	-
Pass-through payments to districts and other agencies	-	996,892	-	-
Capital Outlay	4,737,454	1,398,646	-	-
Debt Service:				
Principal	447,473	-	-	1,325,000
Interest and fiscal charges	201,561	-	-	2,857,681
Total expenditures	<u>200,487,895</u>	<u>20,241,021</u>	<u>30,718,433</u>	<u>6,948,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,631,328</u>	<u>897,506</u>	<u>(486,715)</u>	<u>2,204,003</u>
Other financing sources (uses):				
Transfers in (Note 3C)	12,799	-	-	-
Transfers out (Note 3C)	(10,071,674)	-	-	(4,688,482)
Capital lease agreement	4,255,657	-	-	-
Financing proceeds	954,954	-	-	-
Total other financing sources (uses)	<u>(4,848,264)</u>	<u>-</u>	<u>-</u>	<u>(4,688,482)</u>
Net change in fund balances	17,783,064	897,506	(486,715)	(2,484,479)
Fund balances - beginning	<u>54,058,740</u>	<u>9,021,933</u>	<u>4,130,671</u>	<u>24,658,705</u>
Fund balances - ending	<u>\$ 71,841,804</u>	<u>9,919,439</u>	<u>3,643,956</u>	<u>22,174,226</u>

See accompanying Notes to the Basic Financial Statements.

GOVERNMENTAL FUNDS

Capital Projects Housing Successor Agency	Capital Projects Street Construction	Debt Service SAFA	Nonmajor Governmental Funds	Total
1,582,564	370,851	-	235,097	\$ 127,913,198
-	13,702	-	-	5,345,673
-	16,352,970	-	4,625,959	129,108,472
-	352,404	-	547,697	10,697,953
-	-	-	-	5,937,051
402,499	191,539	1,841	131,516	1,714,714
-	124	-	2,434,764	16,243,409
-	221,835	-	-	13,339,263
344,814	120,000	-	193,390	1,465,622
<u>2,329,877</u>	<u>17,623,425</u>	<u>1,841</u>	<u>8,168,423</u>	<u>311,765,355</u>
-	-	-	-	9,007,372
-	-	-	104,301	1,247,759
-	-	-	127,121	4,113,655
-	-	-	-	1,474,399
-	-	-	-	3,501,890
-	-	-	2,522,072	18,870,459
-	-	-	1,379,168	114,208,293
-	-	-	-	40,766,966
-	-	-	69,358	7,639,532
-	2,075,589	-	568,694	10,244,305
950,279	-	-	-	43,152,912
-	-	-	-	996,892
-	17,287,945	-	1,698,614	25,122,659
-	-	6,100,000	-	7,872,473
-	-	3,690,274	-	6,749,516
<u>950,279</u>	<u>19,363,534</u>	<u>9,790,274</u>	<u>6,469,328</u>	<u>294,969,082</u>
<u>1,379,598</u>	<u>(1,740,109)</u>	<u>(9,788,433)</u>	<u>1,699,095</u>	<u>16,796,273</u>
-	4,678,482	9,464,232	820,000	14,975,513
-	(33,210)	-	-	(14,793,366)
-	-	-	-	4,255,657
-	-	-	-	954,954
-	<u>4,645,272</u>	<u>9,464,232</u>	<u>820,000</u>	<u>5,392,758</u>
1,379,598	2,905,163	(324,201)	2,519,095	22,189,031
<u>17,996,580</u>	<u>41,305,996</u>	<u>339,280</u>	<u>16,797,306</u>	<u>168,309,211</u>
<u>19,376,178</u>	<u>44,211,159</u>	<u>15,079</u>	<u>19,316,401</u>	<u>\$ 190,498,242</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, 2015**

Net change in fund balances-total governmental funds \$ 22,189,031

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.

Capital outlay	25,122,659	
Capital contribution	566,935	
Depreciation expense	(10,776,785)	
Net deletions	<u>(10,357,936)</u>	4,554,873

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund. 6,682,490

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

Principal payments made:		
Certificates of participation	1,325,000	
Lease revenue bonds	2,515,000	
Private placement financing	3,585,000	
Long-term loans & other payables	<u>249,732</u>	
Total principal repayments		7,674,732
Proceeds from long-term loan		(1,562,827)
Capital lease obligations		(4,255,657)
Amortization of bond discount		(32,498)
Amortization of deferred charges on refunding		(790,512)
Net change in compensated absences		<u>(1,410,866)</u>
		(377,628)

Accrued interest for long term liabilities including bonds payable. This is the net change in accrued interest for the current period. (3,183)

The increase in the OPEB obligation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds. 400,985

The increase in the net pension liability is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds. 1,210,370

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. (7,636,400)

Change in net position of governmental activities \$ 27,020,538

See accompanying Notes to the Basic Financial Statements.

Major Enterprise Funds

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

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

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

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

CITY OF SANTA ANA

Statement of Net Position
Proprietary Funds
June 30, 2015

	Water	Parking
Assets:		
Current assets:		
Cash and investments (Note 3A)	\$ 34,980,994	7,336,832
Receivables:		
Taxes	-	-
Interest	37,610	11,511
Accounts, net of allowance for uncollectibles	7,055,234	30,481
Intergovernmental	-	-
Due from other funds	-	-
Inventory of supplies	-	-
Total current assets	<u>42,073,838</u>	<u>7,378,824</u>
Noncurrent assets:		
Advances to other funds (Note 3C)	-	-
Restricted cash and investments (Note 3A)	6,497,554	-
Cash and investments with fiscal agent (Note 3A)	-	3
Capital assets (Note 3B):		
Land	603,545	3,591,049
Buildings	223,583	-
Improvements other than buildings	118,269,554	-
Equipment	14,662,430	320,842
Parking structures	-	14,748,556
Construction in progress	5,411,934	368,560
Computer software	278,589	-
Less accumulated depreciation	(71,515,021)	(8,134,862)
Total noncurrent assets	<u>74,432,168</u>	<u>10,894,148</u>
Total assets	<u>116,506,006</u>	<u>18,272,972</u>
Deferred outflows of resources:		
Charge on refunding, net of accumulated amortization	551,079	108,054
Pension contributions subsequent to measurement date	689,030	122,880
Total deferred outflow of resources	<u>1,240,109</u>	<u>230,934</u>
Liabilities:		
Current liabilities:		
Accounts payable	6,402,521	67,810
Retention payable	21,823	-
Compensated absences payable (current portion) (Note 3D)	227,649	34,152
Notes payable (current portion) (Note 3D)	184,867	-
Interest payable	245,602	1,850
Grant advances	-	-
Deposits payable	1,449,925	-
Claims payable (current portion) (Note 3D)	-	-
Revenue bonds payable (current portion) (Note 3D)	605,000	-
Certificates of participation payable (current portion) (Note 3D)	-	618,009
Total current liabilities	<u>9,137,387</u>	<u>721,821</u>
Noncurrent liabilities:		
Compensated absences payable	682,946	102,454
Notes payable	289,609	-
Claims payable	-	-
Postemployment benefits obligation (Note 4G)	718,628	85,228
Net pension liability (Note 4E)	9,241,629	1,648,119
Revenue bonds payable, net of deferred amounts	17,453,891	-
Total noncurrent liabilities	<u>28,386,703</u>	<u>1,835,801</u>
Total liabilities	<u>37,524,090</u>	<u>2,557,622</u>
Deferred inflows of resources:		
Net differences between projected and actual earnings on pension plan investments	1,862,714	332,187
Net position:		
Net investment in capital assets	55,658,814	10,384,190
Restricted for :		
National pollution discharge elimination system	-	-
Unrestricted	22,700,497	5,229,907
Total net position	<u>\$ 78,359,311</u>	<u>15,614,097</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

		Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Sewer	Nonmajor	Total		
6,425,260	13,946,814	\$	62,689,900	\$ 73,150,165
-	3,827		3,827	-
10,193	20,970		80,284	110,795
709,835	3,274,353		11,069,903	-
-	-		-	496,873
-	-		-	547,967
-	-		-	759,160
<u>7,145,288</u>	<u>17,245,964</u>		<u>73,843,914</u>	<u>75,064,960</u>
-	-		-	2,920,000
-	-		6,497,554	253,939
-	-		3	-
-	3,792,491		7,987,085	-
-	8,607,909		8,831,492	-
39,430,416	4,196,564		161,896,534	859,017
324,028	19,592		15,326,892	21,871,509
-	4,817,296		19,565,852	-
1,390,249	91,324		7,262,067	113,348
-	-		278,589	6,244,193
(22,810,299)	(11,138,797)		(113,598,979)	(22,016,810)
<u>18,334,394</u>	<u>10,386,379</u>		<u>114,047,089</u>	<u>10,245,196</u>
<u>25,479,682</u>	<u>27,632,343</u>		<u>187,891,003</u>	<u>85,310,156</u>
-	-		659,133	-
287,114	602,682		1,701,706	2,593,252
<u>287,114</u>	<u>602,682</u>		<u>2,360,839</u>	<u>2,593,252</u>
161,421	732,577		7,364,329	2,341,690
-	7,921		29,744	-
60,876	122,922		445,599	514,230
-	-		184,867	-
-	-		247,452	-
-	282,049		282,049	-
-	11,000		1,460,925	-
-	-		-	6,339,293
-	-		605,000	-
-	-		618,009	-
<u>222,297</u>	<u>1,156,469</u>		<u>11,237,974</u>	<u>9,195,213</u>
182,627	368,766		1,336,793	1,542,692
-	-		289,609	-
-	-		-	25,423,527
297,229	767,570		1,868,655	2,684,029
3,850,838	8,083,392		22,823,978	36,823,106
-	-		17,453,891	-
<u>4,330,694</u>	<u>9,219,728</u>		<u>43,772,926</u>	<u>66,473,354</u>
<u>4,552,991</u>	<u>10,376,197</u>		<u>55,010,900</u>	<u>75,668,567</u>
776,158	1,629,261		4,600,320	7,002,371
18,334,394	10,378,458		94,755,856	7,071,257
-	2,866,810		2,866,810	-
2,103,253	2,984,299		33,017,956	(1,838,787)
<u>20,437,647</u>	<u>16,229,567</u>	\$	<u>130,640,622</u>	\$ <u>5,232,470</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2015

	Water	Parking	Sewer
Operating revenues:			
Charges for services	\$ 45,665,244	4,688,599	4,755,711
Miscellaneous	146,743	617,012	-
Total operating revenues	<u>45,811,987</u>	<u>5,305,611</u>	<u>4,755,711</u>
Operating expenses:			
Cost of goods sold	-	-	-
Personnel services	4,721,111	786,853	1,886,420
Contractual services	13,447,220	1,459,664	1,043,359
Materials and supplies	11,284,081	11,296	557,621
Administrative charges	12,592,687	145,280	589,375
Insurance	-	-	-
Provision for self-insured losses	-	-	-
Depreciation	2,300,104	294,971	550,446
Total operating expenses	<u>44,345,203</u>	<u>2,698,064</u>	<u>4,627,221</u>
Operating income (loss)	<u>1,466,784</u>	<u>2,607,547</u>	<u>128,490</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	-
Net increase (decrease) in the fair value of investment	28,671	(9,955)	-
Investment earnings	156,921	49,431	45,401
Interest expense	(871,279)	(154,099)	-
Gain on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>(685,687)</u>	<u>(114,623)</u>	<u>45,401</u>
Income (loss) before transfers	<u>781,097</u>	<u>2,492,924</u>	<u>173,891</u>
Transfers in (Note 3C)	17,145	-	2,707
Transfers out (Note 3C)	(43,608)	-	(8,617)
Change in net position	<u>754,634</u>	<u>2,492,924</u>	<u>167,981</u>
Net position - beginning	88,105,854	14,993,912	24,645,333
Reduction in net position to record beginning net pension liability	<u>(10,501,177)</u>	<u>(1,872,739)</u>	<u>(4,375,667)</u>
Net position - beginning, as restated	<u>77,604,677</u>	<u>13,121,173</u>	<u>20,269,666</u>
Net position - ending	<u>\$ 78,359,311</u>	<u>15,614,097</u>	<u>20,437,647</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

Nonmajor	Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds	
Nonmajor	Total		Total	
28,923,380	\$ 84,032,934	\$	57,395,218	\$
10,972	774,727		994,995	
28,934,352	84,807,661		58,390,213	
-	-		1,569,721	
3,772,946	11,167,330		12,835,594	
12,434,616	28,384,859		7,752,190	
163,377	12,016,375		2,949,467	
9,592,255	22,919,597		9,755,806	
-	-		18,782,438	
-	-		11,096,157	
458,900	3,604,421		1,829,278	
26,422,094	78,092,582		66,570,651	
2,512,258	6,715,079		(8,180,438)	
76,962	76,962		-	
-	18,716		-	
90,255	342,008		555,343	
-	(1,025,378)		-	
-	-		114,669	
167,217	(587,692)		670,012	
2,679,475	6,127,387		(7,510,426)	
7,113	26,965		144,825	
(30,913)	(83,138)		(270,799)	
2,655,675	6,071,214		(7,636,400)	
22,758,983	150,504,082		54,332,164	
(9,185,091)	(25,934,674)		(41,463,294)	
13,573,892	124,569,408		12,868,870	
16,229,567	\$ 130,640,622	\$	5,232,470	\$

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2015

	<u>Water</u>	<u>Parking</u>
Cash flows from operating activities:		
Receipts from customers	\$ 49,831,809	4,658,118
Receipts from interfund services provided	-	-
Receipts from other operating sources	146,743	617,012
Payments to suppliers for goods and services	(38,229,962)	(1,556,846)
Payments from interfund services used	-	-
Payments to employees	(4,739,504)	(727,905)
Net cash provided (used) by operating activities	<u>7,009,086</u>	<u>2,990,379</u>
Cash flows from noncapital financing activities:		
Intergovernment contribution	-	-
Transfer in	17,145	-
Transfer out	(43,608)	-
Net cash provided (used) by noncapital financing activities	<u>(26,463)</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Proceeds from refunding debt	18,193,905	-
Acquisition of capital assets	(1,982,959)	(355,497)
Proceeds from sale of capital assets	-	-
Retirement of long-term liabilities	(12,963,563)	(1,895,000)
Interest paid	(920,116)	(116,950)
Net cash provided (used) by capital and related financing activities	<u>2,327,267</u>	<u>(2,367,447)</u>
Cash flows from investing activities:		
Interest received	139,652	34,533
Net increase in the fair value of investment	28,671	-
Net cash provided by investing activities	<u>168,323</u>	<u>34,533</u>
Net increase (decrease) in cash and cash equivalents	9,478,213	657,465
Cash and cash equivalents - beginning	<u>32,000,335</u>	<u>6,679,370</u>
Cash and cash equivalents - ending (Includes restricted assets)	<u>\$ 41,478,548</u>	<u>7,336,835</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

Page 2 of 4

		Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Sewer	Nonmajor	Totals		
4,870,260	28,886,199	\$ 88,246,386	\$	-
-	-	-		57,505,996
-	10,972	774,727		954,207
(2,709,661)	(22,254,622)	(64,751,091)		(39,308,386)
-	-	-		(1,760,739)
(1,901,394)	(3,944,813)	(11,313,616)		(18,865,932)
259,205	2,697,736	12,956,406		(1,474,854)
-	177,869	177,869		-
2,707	7,113	26,965		144,825
(8,617)	(30,913)	(83,138)		(270,799)
(5,910)	154,069	121,696		(125,974)
-	-	18,193,905		-
(67,550)	(6,675)	(2,412,681)		(902,208)
-	-	-		263,052
-	-	(14,858,563)		-
-	-	(1,037,066)		-
(67,550)	(6,675)	(114,405)		(639,156)
41,484	80,065	295,734		458,495
-	-	28,671		57,534
41,484	80,065	324,405		516,029
227,229	2,925,195	13,288,102		(1,723,955)
6,198,031	11,021,619	55,899,355		75,128,059
6,425,260	13,946,814	\$ 69,187,457	\$	73,404,104

Continued

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2015

	Water	Parking
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 1,466,784	2,607,547
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	2,300,104	294,971
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	4,120,047	(30,481)
Decrease (increase) in inventory of supplies	-	-
Increase (decrease) in accounts payable	(818,588)	59,394
Increase (decrease) in compensated absences payable	35,293	67,921
Increase (decrease) in deposits payable	46,518	-
Increase (decrease) in retention payable	(87,386)	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in postemployment benefits obligation	32,178	6,339
Increase (decrease) in net pension liability	(85,864)	(15,312)
Net cash provided (used) by operating activities	<u>\$ 7,009,086</u>	<u>2,990,379</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	<u>\$ 28,671</u>	<u>-</u>

See accompanying Notes to the Basic Financial Statements.

Sewer	Nonmajor	Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
		Total		
128,490	2,512,258	\$ 6,715,079	\$ (8,180,438)	
550,446	458,900	3,604,421	1,829,278	
114,549	(37,181)	4,166,934	237,546	
-	-	-	(96,885)	
(519,306)	(64,374)	(1,342,874)	1,259,274	
(5,699)	(120,966)	(23,451)	57,458	
-	-	46,518	-	
-	-	(87,386)	-	
-	-	-	3,901,276	
26,510	24,219	89,246	(251,295)	
(35,785)	(75,120)	(212,081)	(231,068)	
<u>259,205</u>	<u>2,697,736</u>	<u>\$ 12,956,406</u>	<u>\$ (1,474,854)</u>	
<u>-</u>	<u>-</u>	<u>\$ 28,671</u>	<u>\$ 57,534</u>	

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
Assets		
Current assets:		
Cash and investments (Note 3A)	\$ 20,659,767	\$ 21,623,751
Cash and investments with fiscal agents	6,679,229	-
Receivables:		
Accounts	17,344	-
Loans and notes	-	234,333
Interest	10,816	17,068
Land held for redevelopment	278,200	-
	<u>27,645,356</u>	<u>21,875,152</u>
Total assets	\$ 27,645,356	\$ 21,875,152
Deferred outflows of resources:		
Charge on refunding, net of accumulated amortization	\$ 787,035	\$ -
Pension contributions subsequent to measurement date	42,367	-
	<u>829,402</u>	<u>-</u>
Total deferred outflows of resources	\$ 829,402	\$ -
Liabilities		
Accounts payable	\$ 26,953	\$ 239,819
Interest payable	2,162,858	-
Notes payable	-	234,333
Due to City employees	-	2,791,808
Due to governmental agencies	-	18,609,192
Advance from the City	4,751,291	-
Long-term liabilities (Note 3D):		
Due within one year	4,558,143	-
Due in more than one year	95,311,617	-
	<u>106,810,862</u>	<u>21,875,152</u>
Total liabilities	\$ 106,810,862	\$ 21,875,152
Deferred inflows of resources:		
Net differences between projected and actual earnings on pension plan investments	114,531	-
	<u>114,531</u>	<u>-</u>
Net position (deficit)		
Held in trust for other purposes	\$ (78,450,635)	\$ -

See accompanying Notes to the Basic Financial Statements.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2015

		Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund
Additions:		
Property taxes	\$	9,317,895
Investment earnings		104,489
Other		216,026
Total additions		9,638,410
Deductions:		
Program expenses		3,679,849
Administrative expenses		306,243
Interest and fiscal agency expenses		5,943,894
Total deductions		9,929,986
Change in net position		(291,576)
Net position (deficit) - beginning, as restated (Note 1E)		(78,159,059)
Net position (deficit) - ending	\$	(78,450,635)

See accompanying Notes to the Basic Financial Statements.



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Notes to the Basic Financial Statements



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

For the Year Ended June 30, 2015

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 and so 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.

Fiduciary Component Unit

The Successor Agency

The Community Redevelopment Agency (RDA) was originally established in 1973 to eliminate blighted areas through the redevelopment of six project areas under provisions of the California Community Development Law. On June 28, 2011, the Governor of the State of California signed two bills that impacted redevelopment agencies throughout the State, Assembly Bills X1 26 (ABX1 26 -Dissolution bill) and Assembly Bills X1 27 (ABX1 27 - Continuation bill), as part of the 2011-2012 State’s budget package. The California Redevelopment Association (CRA) and League of California Cities filed a lawsuit (CRA v Matosantos) challenging the constitutionality of this legislation. Subsequently on December 29, 2011, the Supreme Court issued its ruling and upheld ABX1 26 but struck down AB1X 27. On January 9, 2012, the City adopted a resolution declaring its intent to serve as the Successor Agency to the RDA (Successor Agency) and designating the Housing Authority of the City to serve as the Housing Successor Agency.

The City, serving as the Successor Agency, has assumed the former Agency’s assets, rights, and obligations under the California Community Redevelopment Law, subject to some limitations, and is winding down the former Agency’s affairs and taking other actions in accordance with the dissolution provisions in Part 1.85 of AB 26. Assembly Bill X1 26 (ABX1 26) gives the Oversight Board authority over the former Redevelopment Agency’s financial affairs. The Oversight Board is comprised of seven members that are appointed by governmental entities representing the local education agencies and other taxing entities. The Successor Agency is a separate legal entity from the City and its financial data and transactions are included within the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. There is no separate Component Unit Financial Report (CUFR) prepared for the Successor Agency.

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

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

For the Year Ended June 30, 2015

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

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 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.

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

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

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

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

For the Year Ended June 30, 2015

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

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

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

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

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

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 and all other grant requirements have been met. Grant funds received before the revenue recognition criteria have been met are reported as deferred inflows of resources.

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. The City has elected to treat this fund as a major governmental fund.

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

For the Year Ended June 30, 2015

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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)

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

For the Year Ended June 30, 2015

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

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

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

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

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, including the City's enterprise, internal service, agency funds and private-purpose trust fund. As amounts are available to these funds on demand without prior notice or penalty, all cash and investments are considered to be cash and cash equivalents for statement of cash flows purposes.

Investments are reported in the accompanying financial statements at fair value. Changes in fair value that occur during the fiscal year are recognized as revenue from investment income (governmental funds) and net change in the fair value of investment (proprietary funds). These revenues include interest earnings, changes in fair value, rentals, leases and any gains or losses realized upon liquidation, maturity, or sale of investments.

The City carries certain investments, which include money market securities (such as short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, U.S. Treasury and agency obligations) that have a remaining maturity at the time of purchase of one year or less, at amortized cost.

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

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

For the Year Ended June 30, 2015

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

Cash and Investments with Fiscal Agents. This account includes unexpended bond proceeds and amounts set aside for payment of debt service.

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.

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. Land held for resale 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.

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

For the Year Ended June 30, 2015

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

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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City included \$10,269 of interest expense as part of the cost of capital assets under construction. Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

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

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

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

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

For the Year Ended June 30, 2015

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an outflow 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 from two sources: 1) 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; 2) An offset account to the long-term loans reported in the Special Revenue Grants and Capital Projects Housing Successor Agency of the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Net differences between projected and actual earnings on pension plan investments related to the net pension liability in the government-wide statement of net position and proprietary statement of net position. Net differences between projected and actual earnings on pension plan investments identified during the measurement period are deferred and amortized as a component of pension expense in future periods.

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.

Compensated Absences. It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A liability for unpaid accumulated sick leave is accrued for employees who have attained ten (10) years or more of continuous service equivalent to one-third (1/3) of the total accumulated sick leave benefit credited to the employee, to a maximum of 427 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 fund type statement of net position or 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, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2015, fund balances for government funds are made up of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. The City Council adopts a motion to this effect by the affirmative votes of at least two-thirds (2/3) of the members of the city council to commit fund balance by an ordinance prior to the end of the fiscal year. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Amounts are designated by the City Council 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 the 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, 2015

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

E. New Accounting Pronouncements

In fiscal year 2014-15, the City implemented the following Government Accounting Standards Board (GASB) Statements:

- GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions*” requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability. Governments will report in their financial statements a net pension liability that represents the difference between the total pension liability and the pension plan’s fiduciary net position. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including descriptive information about the types of benefits available, how to determine the amount of pension plan contributions, and assumptions and methods used in calculating the pension liability. As a result of the implementation of GASB No. 68, the beginning net position as of July 1, 2014 was restated as follows:

Governmental Activities:

	As Originally Reported	Effect of Change	As Restated
Net position, June 30, 2014	\$ 1,096,476,524	\$ -	\$ 1,096,476,524
Reduction in net position to record beginning net pension liability	-	(457,068,162)	(457,068,162)
Net position, July 1, 2014	<u>\$ 1,096,476,524</u>	<u>\$ (457,068,162)</u>	<u>\$ 639,408,362</u>

Business-Type Activities:

	As Originally Reported	Effect of Change	As Restated
Net position, June 30, 2014	\$ 150,504,082	\$ -	\$ 150,504,082
Reduction in net position to record beginning net pension liability	-	(25,934,674)	(25,934,674)
Net position, July 1, 2014	<u>\$ 150,504,082</u>	<u>\$ (25,934,674)</u>	<u>\$ 124,569,408</u>

Private-Purpose Trust Fund:

	As Originally Reported	Effect of Change	As Restated
Net position, June 30, 2014	\$ (77,513,385)	\$ -	\$ (77,513,385)
Reduction in net position to record beginning net pension liability	-	(645,674)	(645,674)
Net position, July 1, 2014	<u>\$ (77,513,385)</u>	<u>\$ (645,674)</u>	<u>\$ (78,159,059)</u>

- GASB Statement No. 69, “*Government Combinations and Disposals of Government Operations*,” establishes accounting and financial reporting standards related to mergers, acquisitions, transfers of operations, and disposal of operations applicable to state and local governmental entities. This statement had no impact on the City’s financial statements.

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

For the Year Ended June 30, 2015

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

- GASB Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*” amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. GASB Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this statement were applied simultaneously with the provisions of GASB Statement No. 68.

The GASB has issued several pronouncements that have effective dates that may impact future presentations. The City is evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 is intended to improve accounting and financial reporting for state and local governments’ investments by enhancing the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. GASB 72 is effective for the City's fiscal year ending June 30, 2016.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73), which establishes requirements for defined benefit pensions that are not within the scope of GASB 68, as well as for the assets accumulated for the purposes of providing those pensions. GASB 73 amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67), and GASB 68 for pension plans and pensions that are within their respective scopes. GASB 73 addresses the recognition of the total pension liability of such plans and the disclosures necessary for the plans that did not meet the definition of GASB 68/ GASB 73 is effective for the City’s fiscal year ending June 30, 2016.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74), which establishes new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits (OPEB), as well as for certain non-employer governments that have a legal obligation to provide financial support to OPEB provided to the employees of other entities. GASB 74 also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. GASB 74 replaces GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended* (GASB 43), and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* (GASB 57). It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended*, GASB 43, and GASB Statement No. 50, *Pension Disclosures*. GASB 74 is effective for the City’s fiscal year ending June 30, 2017.

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

For the Year Ended June 30, 2015

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

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), which establishes new accounting and financial reporting requirements for OPEB improving the accounting and financial reporting by state and local governments for OPEB and provides information provided by state and local government employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and GASB 57. GASB 75 is effective for the City's fiscal year ending June 30, 2018.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76). GASB 76 identifies the hierarchy of generally accepted accounting principles (GAAP) used to prepare financial statements of state and local governmental entities. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and is effective for the City's fiscal year ending June 30, 2016.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB 77), which requires governments that enter into tax abatement agreements to disclose information about (1) the government's own tax abatement agreements and (2) those that are entered into by other governments and reduce the reporting government's tax revenues. In addition, GASB 77 requires the disclosure of the nature and magnitude of tax abatements agreements to make these transactions more transparent to financial statement users. The City does not enter into tax abatement agreements, as such, this statement does not apply.

NOTE 2. FUND DEFICITS

At June 30, 2015, the deficit of \$685,595 in the nonmajor Capital Grants Capital Projects Fund is due primarily to the deferral of revenues due from granting agencies which did not meet the revenue recognition criteria in accordance with GASB Statement 33. Subsequent collection of the receivables from the granting agencies will reduce the deficits. The deficit of \$3,794,984 in the Nonmajor Enterprise Sanitation Fund, \$1,414,210 in the Internal Service Building Maintenance Fund, and \$15,960,265 in the Internal Service Engineering and Administrative Services Fund are primarily due to the restatement of the beginning net position as a result of the implementation of GASB No. 68. In order to address pension obligations and future benefit contributions, the City has established a pension stability reserve.

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

For the Year Ended June 30, 2015

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 282,280,259
Restricted assets:	
Cash and investments	11,407,724
Cash and investments with fiscal agents	5,558,580
Statement of fiduciary net position:	
Cash and investments	42,283,518
Cash and investments with fiscal agents	<u>6,679,229</u>
Total cash and investments	<u>\$ 348,209,310</u>

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 925,617
Deposits with financial institutions	16,440,763
Investments	<u>330,842,930</u>
Total cash and investments	<u>\$ 348,209,310</u>

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

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

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

For the Year Ended June 30, 2015

NOTE 3A. CASH AND INVESTMENTS (CONTINUED):

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

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

Investments Authorized by Debt Agreements

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

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

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

For the Year Ended June 30, 2015

NOTE 3A. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value change in market interest rates. In accordance with the City's investment policy that was established by a resolution on June 17, 2014, 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	\$ 274,417,514	\$ 180,623,989	\$ 34,965,390	\$ 58,828,135
Commercial Paper Discount	25,000,000	25,000,000	-	-
Local Agency Investment Fund	14,633,638	14,633,638	-	-
Held by Fiscal Agent:				
Money Market Funds	10,112,554	10,112,554	-	-
Federal Agency Securities	6,679,224	6,679,224	-	-
	<u>\$ 330,842,930</u>	<u>\$ 237,049,405</u>	<u>\$ 34,965,390</u>	<u>\$ 58,828,135</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	\$ 58,828,135

Disclosures Relating to Credit Risk

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

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

For the Year Ended June 30, 2015

NOTE 3A. CASH AND INVESTMENTS (CONTINUED):

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>	
			<u>Aaa</u>	<u>Not Rated</u>
Federal Agency Securities	\$ 274,417,514	N/A	\$ 274,417,514	\$ -
Commercial Paper Discount	25,000,000	N/A	25,000,000	-
Local Agency Investment Fund	14,633,638	N/A	-	14,633,638
Held by Fiscal Agent:				
Money Market Funds	10,112,554	A	10,112,554	-
Federal Agency Securities	6,679,224	N/A	6,679,224	-
	<u>\$ 330,842,930</u>		<u>\$ 316,209,292</u>	<u>\$ 14,633,638</u>

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	Federal agency securities	\$ 74,836,180
Federal Home Loan Bank	Federal agency securities	68,934,785
Federal Home Loan Mortgage Corp.	Federal agency securities	66,827,860
Federal National Mortgage Association	Federal agency securities	58,818,389

Investments in any one issuer that represent 5% or more of total investments by reporting unit (governmental activities, major fund, nonmajor fund in the aggregate, etc.) are \$4,212,789, \$6,679,229 that were held by the bonds trustee of cash and investments pool. The amount of \$4,212,789 reported in the Special Revenue Gas Tax Fund (a major fund of the City) is held in the form of Money Market fund and \$6,679,229 reported in the Successor Agency to the Santa Ana Redevelopment Private-Purpose Trust fund is held in the form of Federal Agency Security (the issuer).

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

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

For the Year Ended June 30, 2015

NOTE 3A. CASH AND INVESTMENTS (CONTINUED):

pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2015, 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.

Investment 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 (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested by all public agencies in LAIF as of June 30, 2015 was approximately \$21.5 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2015 had a balance of approximately \$69.7 billion, of that amount 2.08% (approximately \$1.45 billion) was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 239 days as of June 30, 2015.

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

For the Year Ended June 30, 2015

B. Capital Assets

A summary of changes in the Governmental Activities capital assets at June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,254,959	\$ -	\$ -	\$ 13,254,959
Right of Way	428,616,777	26,392,737	-	455,009,514
Street Trees	7,031,327	678,223	(4,336)	7,705,214
Construction in progress	<u>176,567,808</u>	<u>21,731,315</u>	<u>(68,009,659)</u>	<u>130,289,464</u>
Total capital assets, not being depreciated	<u>625,470,871</u>	<u>48,802,275</u>	<u>(68,013,995)</u>	<u>606,259,151</u>
Capital assets being depreciated:				
Buildings	198,606,231	-	-	198,606,231
Improvements	74,855,353	5,505,173	-	80,360,526
Equipment	46,158,154	1,106,217	(2,078,553)	45,185,818
Infrastructure	395,323,415	38,954,337	(10,077,914)	424,199,838
Library materials	7,267,126	233,461	(253,376)	7,247,211
Computer software	<u>6,244,193</u>	<u>-</u>	<u>-</u>	<u>6,244,193</u>
Total capital assets being depreciated	<u>728,454,472</u>	<u>45,799,188</u>	<u>(12,409,843)</u>	<u>761,843,817</u>
Less: Accumulated depreciation for:				
Buildings	(124,117,644)	(5,904,742)	-	(130,022,386)
Improvements	(44,969,133)	(2,637,299)	-	(47,606,432)
Equipment	(37,502,158)	(2,055,177)	1,930,168	(37,627,167)
Infrastructure	(209,385,857)	(11,024,347)	9,655,129	(210,755,075)
Library materials	(6,229,954)	(290,852)	253,334	(6,267,472)
Computer software	<u>(1,352,908)</u>	<u>(624,419)</u>	<u>-</u>	<u>(1,977,327)</u>
Total Accumulated depreciation	<u>(423,557,654)</u>	<u>(22,536,836)</u>	<u>11,838,631</u>	<u>(434,255,859)</u>
Capital assets being depreciated, net	<u>304,896,818</u>	<u>23,262,352</u>	<u>(571,212)</u>	<u>327,587,958</u>
Governmental activities capital assets, net	<u>\$ 930,367,689</u>	<u>\$ 72,064,627</u>	<u>\$ (68,585,207)</u>	<u>\$ 933,847,109</u>

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

For the Year Ended June 30, 2015

NOTE 3B. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Business-type Activities capital assets at June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,987,085	\$ -	\$ -	\$ 7,987,085
Construction in progress	12,033,844	1,480,364	(6,252,141)	7,262,067
Total capital assets not being depreciated	<u>20,020,930</u>	<u>1,480,364</u>	<u>(6,252,141)</u>	<u>15,249,152</u>
Capital assets being depreciated:				
Buildings	8,831,492	-	-	8,831,492
Improvement other than buildings	156,015,676	6,252,141	(371,283)	161,896,534
Equipment	14,648,117	705,486	(26,711)	15,326,892
Parking structures	19,565,852	-	-	19,565,852
Computer software	278,589	-	-	278,589
Total capital assets being depreciated	<u>199,339,726</u>	<u>6,957,627</u>	<u>(397,994)</u>	<u>205,899,359</u>
Less: Accumulated depreciation for:				
Buildings	(6,490,513)	(218,482)	-	(6,708,995)
Improvement other than buildings	(84,643,197)	(2,707,467)	371,283	(86,979,381)
Equipment	(9,998,024)	(249,140)	26,711	(10,220,453)
Parking structures	(9,205,101)	(415,403)	-	(9,620,504)
Computer software	(55,717)	(13,929)	-	(69,646)
Total Accumulated depreciation	<u>(110,392,553)</u>	<u>(3,604,421)</u>	<u>397,994</u>	<u>(113,598,979)</u>
Capital assets being depreciated, net	<u>88,947,173</u>	<u>3,353,206</u>	<u>-</u>	<u>92,300,380</u>
Business-type activities capital assets, net	<u>\$ 108,968,103</u>	<u>\$ 4,833,570</u>	<u>\$ (6,252,141)</u>	<u>\$ 107,549,532</u>

	<u>June 30, 2015</u>
Governmental activities:	
General government	\$ 1,372,130
Finance and management services	47,165
Museum	435,649
Library	349,176
Recreation and community services	2,097,869
Police	4,076,883
Fire	452,670
Planning Building	3,582
Public works	11,556,092
Community development	316,342
Internal service funds	<u>1,829,278</u>
Total depreciation expense-governmental activities	<u>\$ 22,536,836</u>

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

For the Year Ended June 30, 2015

NOTE 3B. CAPITAL ASSETS (CONTINUED):

Business-type activities:		<u>June 30, 2015</u>
Water	\$	2,300,104
Parking		294,971
Sewer		550,446
Transportation Center		429,590
Sanitation		1,959
Federal Clean Water Protection		<u>27,351</u>
Total depreciation expense - business-type activities	\$	<u><u>3,604,421</u></u>

A summary of changes in the Private-Purpose Trust Fund capital assets at June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Private-Purpose Trust activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 593,919	\$ -	\$ (593,919)	\$ -
Total capital assets not being depreciated	<u>593,919</u>	<u>-</u>	<u>(593,919)</u>	<u>-</u>
Capital assets being depreciated:				
Equipment	<u>65,058</u>	<u>-</u>	<u>-</u>	<u>65,058</u>
Total capital assets being depreciated	<u>65,058</u>	<u>-</u>	<u>-</u>	<u>65,058</u>
Less: Accumulated depreciation for:				
Equipment	<u>(65,058)</u>	<u>-</u>	<u>-</u>	<u>(65,058)</u>
Total Accumulated depreciation	<u>(65,058)</u>	<u>-</u>	<u>-</u>	<u>(65,058)</u>
Capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Private-Purpose Trust capital assets, net	<u>\$ 593,919</u>	<u>\$ -</u>	<u>\$ (593,919)</u>	<u>\$ -</u>

Construction Commitments

The City has active construction projects as of June 30, 2015. 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	\$ 143,669,376	\$ 106,354,140	\$ 250,023,516
Park improvements	1,063,715	13,142,794	14,206,509
Water system improvements	6,341,837	20,626,857	26,968,694
Sewer improvements	3,247,543	7,290,799	10,538,342
Other improvements	4,183,381	5,713,350	9,896,731

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

For the Year Ended June 30, 2015

C. Interfund Receivables, Payables, Transfers and Advances

The composition of interfund balances as of and for the year ended June 30, 2015 is as follows:

Due To/From Other Funds:

<u>Due To Other Funds (Payable)</u>	<u>Due From Other Funds (Receivable)</u>	
	Internal Service Funds	Total
Non-Major Governmental Funds	\$ 547,967	\$ 547,967
Total	\$ 547,967	\$ 547,967

The Non-Major Capital Grants Capital Projects Funds received temporary advances from the Self-Insurance Internal Service Fund, to cover deficit cash balances in the amount of \$547,967. Subsequent collection of the receivables from the granting agencies will repay the advances.

Interfund Transfers:

<u>Transfers Out</u>	<u>Transfers In</u>								<u>Total</u>	
	General Fund	Street Construction Capital Projects Fund	SAFA Debt Service Fund	Non-Major Special Revenue Fund	Water Enterprise Fund	Sewer Enterprise Fund	Non-Major Enterprise Funds	Internal Service Funds		
General Fund	\$ -	-	9,251,674	820,000	-	-	-	-	-	\$ 10,071,674
Gas Tax Special Revenue Fund	-	4,678,482	-	-	-	-	-	10,000	-	4,688,482
Street Construction										
Capital Projects Fund	12,799	-	-	-	10,591	2,707	7,113	-	-	33,210
Water Enterprise Fund	-	-	-	-	-	-	-	43,608	-	43,608
Sewer Enterprise Fund	-	-	-	-	-	-	-	8,617	-	8,617
Non-Major Enterprise Funds	-	-	-	-	-	-	-	30,913	-	30,913
Internal Service Funds	-	-	212,558	-	6,554	-	-	51,687	-	270,799
Total	\$ 12,799	4,678,482	9,464,232	820,000	17,145	2,707	7,113	144,825	-	\$ 15,147,303

The SAFA Debt Service Fund received a transfer of \$9,464,232 for payments of the 1994 Series Police Lease Revenue bonds and the 2014 Private Placement Financing debt services. The transfers consisted of: 1) \$9,251,674 transfers from General Fund; 2) \$212,558 transfers from the Engineering and Administrative Internal Service Fund.

The Non-Major Special Revenue Funds received transfers of \$820,000 representing the General Fund's support for Civic Center and Centennial Park maintenance.

The Street Construction Capital Projects Fund received \$4,678,482 from the Gas Tax Special Revenue Fund for reimbursement of eligible street construction and maintenance costs.

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

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

For the Year Ended June 30, 2015

**NOTE 3C. INTERFUND RECEIVABLES, PAYABLES, TRANSFERS AND ADVANCES
(CONTINUED):**

The Street Construction Capital Projects Fund transferred \$33,210 of the developer contribution received to share the improvement costs at 601 East Santa Ana Boulevard. The transfers consisted of: 1) \$12,799 transfers to General Fund; 2) \$10,591 transfers to Water Enterprise fund; 3) \$2,707 transfers to Sewer Enterprise Fund; 4) \$7,113 transfer to Sanitation, a Non-Major Enterprise Fund. The improvement included demolition and construction of sidewalk, curb and gutter; removal of a tree; street lighting improvements; adjustment of water and sewer pipe placement; and associated street repairs.

The City Yard Operations Internal Service Fund received transfers of \$134,500 from various Enterprise Funds and the Building Maintenance Internal Service Fund for its share in the replacement of rooftop air conditioning unit at the Public Works administration building. The transfers consisted of: 1) \$43,608 transfers from Water Enterprise Fund; 2) \$8,617 transfers from Sewer Enterprise Fund; 3) \$30,913 transfers from Sanitation Fund; 4) \$51,362 transfers from the Building Maintenance Internal Service Fund.

The Equipment Maintenance and Replacement Internal Service Fund contributed \$6,554 to the Water Enterprise Fund and \$325 to the Engineering and Administrative Services Internal Services Fund for acquisition of capital assets.

Advances To/From Other Funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Internal Service Funds	General Fund	\$ 2,920,000
Capital Projects Housing Successor Agency	Santa Ana Redevelopment Agency Private-Purpose Trust Fund	4,751,291
		<u>\$ 7,671,291</u>

The \$2,920,000 represents advances made by the Workers Compensation Fund to the General Fund for the construction of Fire Station #1. The repayment will begin on July 1, 2015 for \$292,000 for ten years.

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

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

For the Year Ended June 30, 2015

D. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital lease obligations	\$ -	\$ 4,255,657	\$ -	\$ 4,255,657	\$ -
Certificates of participation	63,220,000	-	1,325,000	61,895,000	1,380,000
Lease revenue bonds	33,550,000	-	2,515,000	31,035,000	2,672,500
Private placement financing	45,060,000	-	3,585,000	41,475,000	3,755,000
Long-term loans & other payables	822,967	1,562,827	249,732	2,136,062	151,210
Less: Bond discount	<u>(844,955)</u>	<u>-</u>	<u>(32,498)</u>	<u>(812,457)</u>	<u>-</u>
Total bonds payable, long-term loans and capital lease obligations	<u>141,808,012</u>	<u>5,818,484</u>	<u>7,642,234</u>	<u>139,984,262</u>	<u>7,958,710</u>
Compensated absences payable	22,312,835	8,654,891	7,186,568	23,781,158	5,945,290
Claims payable - worker's compensation	20,362,562	6,845,745	5,177,278	22,031,029	4,200,000
Claims payable - liability insurance	<u>7,498,982</u>	<u>3,826,346</u>	<u>1,593,537</u>	<u>9,731,791</u>	<u>2,139,293</u>
Governmental activities Long-term liabilities	<u>\$ 191,982,391</u>	<u>\$ 25,145,466</u>	<u>\$ 21,599,617</u>	<u>\$ 195,528,240</u>	<u>\$ 20,243,293</u>
Business-type activities:					
Revenue bonds payable	\$ 12,785,000	\$ 15,690,000	\$ 12,785,000	\$ 15,690,000	\$ 605,000
Certificates of Participation	2,450,000	-	1,895,000	555,000	555,000
Notes payable	653,038	-	178,562	474,476	184,866
Add: Bond premium	<u>427,951</u>	<u>2,503,905</u>	<u>499,956</u>	<u>2,431,900</u>	<u>63,010</u>
Total bonds payable and long-term notes payable	<u>16,315,989</u>	<u>18,193,905</u>	<u>15,358,518</u>	<u>19,151,376</u>	<u>1,407,876</u>
Compensated absences payable	<u>1,805,843</u>	<u>639,371</u>	<u>662,822</u>	<u>1,782,392</u>	<u>445,599</u>
Business-type activities Long-term liabilities	<u>\$ 18,121,832</u>	<u>\$ 18,833,276</u>	<u>\$ 16,021,340</u>	<u>\$ 20,933,768</u>	<u>\$ 1,853,475</u>

Internal service funds predominantly serve the governmental funds. Accordingly, \$31.8 million of claims payable is included as part of the above totals for governmental activities.

At year-end, \$2.1 million of internal service funds compensated absences are included in the above amounts. For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

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

For the Year Ended June 30, 2015

NOTE 3D. 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, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Private-purpose trust activities:					
Tax allocation bonds	\$ 82,590,000	\$ -	\$ 605,000	\$ 81,985,000	\$ 625,000
Tax allocation refunding bonds	14,995,000	-	2,200,000	12,795,000	2,310,000
Long-term loans	5,050,009	-	1,482,902	3,567,107	1,605,689
Less: Bond discount	(246,114)	-	(37,384)	(208,730)	-
Add: Bond premium	954,249	-	190,849	763,400	-
Total bonds payable, long-term	<u>103,343,144</u>	<u>-</u>	<u>4,441,367</u>	<u>98,901,777</u>	<u>4,540,689</u>
Compensated absences payable	36,656	48,174	15,014	69,816	17,454
Postemployment benefits obligation	327,855	2,082	-	329,937	-
Net pension liability	-	568,230	-	568,230	-
Private-purpose trust					
Long-term liabilities	<u>\$ 103,707,655</u>	<u>\$ 618,486</u>	<u>\$ 4,456,381</u>	<u>\$ 99,869,760</u>	<u>\$ 4,558,143</u>

A description of each long-term debt obligation follows:

CAPITAL LEASE OBLIGATIONS

Outstanding
Balance
June 30, 2015

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). The 800 MHz CCCS requires significant enhancement in order to extend the life of the system.

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. The 800 MHz CCCS consists of the replacement of the backbone infrastructure equipment, along with agency owned equipment and dispatch consoles with the “Next Generation-P25” radio equipment.

The City financed the purchase of equipment necessary to implement the 800 MHz system upgrade for P25 compliance 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 \$4,686,658. The first annual principal and interest payments are deferred until July 15, 2016. The lease payment discounted at an estimated interest rate of 3.12 percent provides a present value of \$4,255,657, which is capitalized as equipment in the City’s capital assets.

\$4,255,657

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

For the Year Ended June 30, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Period Ending June 30	Principal	Interest
2016	\$ -	\$ -
2017	486,766	-
2018	472,038	117,644
2019	457,756	106,127
2020	443,906	94,251
2021-2025	<u>2,395,191</u>	<u>292,233</u>
Total	<u>\$ 4,255,657</u>	<u>\$ 610,255</u>

CERTIFICATE OF PARTICIPATION

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

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

These revenues have been pledged until fiscal year 2040. Total debt service amount for the certificates of participation is \$112.2 million. Pledged gas tax revenues recognized during the fiscal year ended June 30, 2015 was \$9.2 million as against the total debt service payment of \$4.2 million. At June 30, 2015, the reserve balance was \$4.2 million.

\$61,895,000

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

For the Year Ended June 30, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

Gas Tax Revenue COP debt service requirements to maturity are as follows:

Period Ending June 30	Principal	Interest
2016	\$ 1,380,000	\$ 2,794,681
2017	1,450,000	2,723,932
2018	1,525,000	2,649,556
2019	1,600,000	2,574,431
2020	1,675,000	2,503,931
2021-2025	9,455,000	11,396,342
2026-2030	11,725,000	9,058,269
2031-2035	14,685,000	6,023,609
2036-2040	18,400,000	2,226,006
Total	\$ <u>61,895,000</u>	\$ <u>41,950,757</u>

LEASE REVENUE BONDS

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

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

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

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

For the Year Ended June 30, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

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).

\$31,035,000

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

Period Ending		Principal		Interest
June 30		Principal		Interest
2016	\$	2,672,500	\$	1,939,688
2017		2,840,000		1,772,657
2018		3,017,500		1,595,157
2019		3,205,000		1,406,563
2020		3,407,500		1,206,250
2021-2024		15,892,500		2,558,439
Total	\$	<u>31,035,000</u>	\$	<u>10,478,754</u>

PRIVATE PLACEMENT FINANCING

On June 18, 2014, the Santa Ana Financing Authority executed the 2014 Private Lease Financing in the amount of \$45.1 million with three private placement providers: TPB Investment, Inc. (\$22.0 million), Compass Mortgage Corporation (\$10.0 million), and Capital One Public Funding, LLC (\$13.1 million). Of the proceeds received, the City used \$8.0 million to refinance the outstanding 1998 Certificate of Participation (City Hall Expansion Project). These issues will mature serially on January 1, beginning 2015 through 2028, in amounts ranging from \$0.4 to \$0.7 million and bear interest at 3.75%. The remaining \$37.0 million of the proceeds was used to partially advance refund the 1994 Police Administration and Holding Facility Lease Revenue Bonds. These issues will mature serially on July 1, beginning 2015 through 2024, in amounts ranging from \$3.1 million to \$4.3 million and bear interest at 3.32%. The advance refunding resulted in a cash flow difference of \$2.6 million and an economic gain (difference between the present values of the old debt and new debt service payments) of \$2.1 million. The unpaid balance as of June 30, 2015 was \$41.5 million.

\$41,475,000

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

For the Year Ended June 30, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

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

Period Ending June 30	TPB Investment, Inc.		Compass Mortgage Corporation		Capital One Public Funding, LLC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,955,000	\$ 668,316	\$ 890,000	\$ 303,780	\$ 910,000	\$ 428,771	\$ 3,755,000	\$ 1,400,867
2017	2,020,000	603,410	920,000	274,232	945,000	396,184	3,885,000	1,273,826
2018	2,085,000	536,346	950,000	243,688	980,000	362,443	4,015,000	1,142,477
2019	2,155,000	467,124	980,000	212,148	1,010,000	327,476	4,145,000	1,006,748
2020	2,230,000	395,578	1,015,000	179,612	1,045,000	291,355	4,290,000	866,545
2021-2025	9,685,000	816,886	4,395,000	370,844	5,225,000	866,676	19,305,000	2,054,406
2026-2028	-	-	-	-	2,080,000	119,063	2,080,000	119,063
Total	\$ 20,130,000	\$ 3,487,660	\$ 9,150,000	\$ 1,584,304	\$ 12,195,000	\$ 2,791,968	\$ 41,475,000	\$ 7,863,932

LONG-TERM LOANS AND OTHER PAYABLES

Southern California Edison On-Bill Financing Program. On August 2011, the Council approved the installation of energy-efficient LED street lights on Main Street and Edinger Avenue. The project was funded through Southern California Edison's On-Bill Financing Program. Through this program, the City received zero percent financing for approved energy reduction projects for \$1,501,464. The costs are repaid from energy savings over a period of ten years. The unpaid balance as of June 30, 2015 was \$1.2 million.

\$1,181,108

Period Ending June 30	Principal
2016	\$ 151,210
2017	151,027
2018	150,331
2019	149,986
2020	140,928
2021-2025	437,626
Total	\$ 1,181,108

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. The City's partnership costs totaling \$2,254,036 are payable over three fiscal years. The Holman Capital will provide the funding necessary to fulfill the City's commitment for the first two years in the amount of \$954,954 at interest rate of 3% per annum. The third year (fiscal year 2017-18) partnership costs in the amount of \$1,412,872 will be funded as part of a future financing agreement in order to minimize long term interest expenses.

\$954,954

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

For the Year Ended June 30, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

The annual debt service requirements are as follows:

Period Ending June 30	Principal	Interest
2016	\$ -	\$ -
2017	69,286	55,651.00
2018	99,479	25,458
2019	102,497	22,440
2020	105,607	19,330
2021-2025	578,085	46,601
Total	<u>\$ 954,954</u>	<u>\$ 169,480</u>

Total Long-Term Loans and Other Payable

\$2,136,062

COMPENSATED ABSENCES PAYABLE

Accrued vacation (\$12.7 million) represents total vested vacation benefits for all City employees in the governmental funds. Sick leave benefits (\$11.1 million) are payable to employees for illnesses during employment; or upon termination after 10 years, the employee is entitled to payment equal to 1/3 of up to 200 days of accrued sick leave. The sick leave liability included herein represents those amounts payable to employees with over 10 years of employment as of June 30, 2015. Also included herein is \$2.1 million representing accrued vacation and sick leave benefits for employees, in the Internal Service Funds.

\$23,781,158

LONG-TERM DEBT DEFEASED

The City defeased the 1998 Certificates of Participation (City Hall Expansion Project) and 50% of the 1994 Police Lease Revenue Bonds of which \$8.2 million and \$42.5 million were respectively outstanding as of June 30, 2014. The investments in U.S. government securities of \$40.8 million in various escrow funds as of June 30, 2015 are sufficient to fully service the defeased bonds until the bonds are called or mature. For financial reporting purposes, the bonds are considered defeased and therefore, have been removed from the City's long-term debt liability.

REVENUE BONDS PAYABLE

Water Revenue Refunding Bonds, Series 2004. On February 5, 2004, the City, through the Santa Ana Financing Authority (SAFA), issued the Water Revenue Refunding Bonds, Series 2004 with a face value of \$20.1 million with maturities starting September 1, 2005 through September 1, 2025 at interest ranging from 2% to 5%. The proceeds of the 2004 Bonds were used to current refund the 1994 Bonds. The remaining proceeds were to be used to purchase the Reserve Surety Bonds, finance certain capital improvements to the Water System and to pay costs of issuance. The bonds were fully defeased in the current fiscal year with the issuance of the Water Revenue Refunding Bonds, Series 2014.

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

For the Year Ended June 30, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

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 \$15,690,000. The proceeds of the bonds were used to (a) provide funds to refund in full the Authority's Water Revenue Refunding Bonds, Series, 2004, b) to finance a portion of the acquisition and construction of certain improvements to the City's Water System, and lastly c) to pay certain costs of issuance of the Bonds. The principal of the bonds is payable commencing March 1, 2015, through 2032 and interest rate ranges from 2.0% to 5.0%.

The 2014 Bonds are payable solely from installment payment made by the City from Net System Revenues pursuant to the Installment Purchase Agreement. These revenues have been pledged until fiscal year 2025. Total debt service amount for the bonds is \$23.6 million. Pledged revenue recognized during the fiscal year ended June 30, 2015 was \$3.8 million as against total debt payment of \$1.3 million. There is no requirement for establishing a reserve fund as security for the Bonds. The refunding resulted in cash flow difference of \$ 0.5 million and an economic gain (difference between the present values of the old debt and new debt service payments) of \$1.0 million.

\$15,690,000

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

Period Ending		Principal		Interest
June 30		\$		\$
2016	\$	605,000	\$	716,225
2017		665,000		700,200
2018		685,000		676,525
2019		710,000		645,075
2020		745,000		608,700
2021-2025		4,315,000		2,451,113
2026-2030		5,410,000		1,524,225
2031-2032		2,555,000		129,375
Total	\$	15,690,000	\$	7,451,438

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, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

	<u>June 30, 2015</u>
Operating revenue	\$ 45,811,987
Operating expenses (net of depreciation expense of \$ 2,300,104)	<u>42,045,099</u>
Net revenue	3,766,888
Amount required for payment of principal and interest payable for the year ended June 30, 2016 (\$1,321,225 x 1.20)	<u>1,585,470</u>
Excess of net revenue over amount required	<u>\$ 2,181,418</u>

CERTIFICATES OF PARTICIPATION

2003 Refunding Certificate of Participation – Series A. On April 2, 2003, Certificates of Participation 2003 Series A amounting to \$17.0 million were issued to current refund the \$16.9 million City of Santa Ana Certificates of Participation (Parking Facilities Refunding Project) Series 1993A, the \$1.9 million City of Santa Ana Certificates of Participation (Commercial Facilities Refunding Project), Series 1993B and the \$5.0 million City of Santa Ana Certificates of Participation (Mass Commuting Facility Refunding Project), Series 1993C. The Certificates mature serially through June 1, 2016 in amounts ranging from \$0.6 million to \$1.9 million and pay interest at rates varying from 2.5% to 5%. The City has covenanted in the Lease Agreement to make the Lease Payments for the Leased Property as provided for therein. Payments of the principal and interest are insured by a financial guaranty insurance policy issued by Ambac Assurance Corporation. The balance outstanding as of June 30, 2015 was \$0.5 million.

COP debt service requirements to maturity are as follows:

Year Ending		Principal		Interest
<u>June 30</u>		<u> </u>		<u> </u>
2016	\$	<u>555,000</u>	\$	<u>22,200</u>
Total	\$	<u>555,000</u>	\$	<u>22,200</u>

NOTES PAYABLE

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

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

For the Year Ended June 30, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

The agreement was entered into on June 19, 1991 and amended on May 11, 1995. After the project was completed, the City executed a promissory note in favor of OCWD for \$2.9 million at an interest rate of 3.5%, payable semi-annually in the amount of \$0.1 million beginning March 15, 1998 and ending September 15, 2017. The balance of the note as of June 30, 2015 was \$0.5 million. The note is a liability of the City's Water Enterprise Fund.

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

Period Ending June 30	Principal	Interest
2016	\$ 184,867	\$ 15,003
2017	191,393	8,476
2018	98,216	1,719
Total	\$ 474,476	\$ 25,198

TAX ALLOCATION BONDS

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

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

As of February 1, 2012, the principal balance of \$16.9 million and the interest of \$8.5 million for bonds debt service requirements to maturity were transferred to the Community Development Agency (Successor Agency) and are recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2015 was \$15.2 million.

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

For the Year Ended June 30, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

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

Period Ending June 30	Principal	Interest	
2016	\$ 625,000	\$ 648,168	
2017	650,000	624,255	
2018	675,000	598,405	
2019	700,000	570,905	
2020	730,000	541,940	
2021-2025	4,165,000	2,201,087	
2026-2030	5,215,000	1,155,937	
2031-2032	2,435,000	110,813	
Total	\$ <u>15,195,000</u>	\$ <u>6,451,510</u>	<u>\$15,195,000</u>

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

As of February 1, 2012, the principal balance of \$19.1 million and the interest of \$4.1 million for bonds debt service requirements to maturity were transferred to the Community Development Agency (Successor Agency) and are recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2015 was \$12.8 million.

\$12,795,000

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

For the Year Ended June 30, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

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

Period Ending June 30	Principal	Interest
2016	\$ 2,310,000	\$ 582,000
2017	2,430,000	463,500
2018	2,550,000	339,000
2019	2,685,000	208,125
2020	2,820,000	70,500
Total	\$ 12,795,000	\$ 1,663,125

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

2011A Tax Allocation Bonds (Merged Project Area).

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

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

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

For the Year Ended June 30, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

As of February 1, 2012, the principal balance of \$66.8 million and the interest of \$51.5 million for bonds debt service requirements to maturity were transferred to the Community Development Agency (Successor Agency) and are recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2015 was \$66.8 million.

\$66,790,000

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

Period Ending	Principal	Interest
June 30	Principal	Interest
2016	\$ -	\$ 4,209,850
2017	-	4,209,850
2018	805,000.00	4,189,725
2019	1,145,000	4,140,975
2020	2,735,000	4,040,556
2021-2025	34,295,000	15,136,581
2026-2029	27,810,000	2,966,626
Total	\$ <u>66,790,000</u>	\$ <u>38,894,163</u>

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

ABx1 26 (the "Dissolution Act") was enacted in late June 2011 as part of the fiscal year 2011-12 state budget package and was held by the California Supreme Court to be largely constitutional on December 29, 2011. Under the Dissolution Act, each of California's redevelopment agencies was dissolved as of February 1, 2012. On January 9, 2012, the City adopted a resolution declaring its intent to serve as the Successor Agency and designating the Housing Authority of the City to serve as the Successor Housing Agency. Pursuant to ABx1 26, prior to the dissolution, on August 24, 2011, the Dissolved RDA prepared initial Enforceable Obligation Payment Schedule (the "EOPS") and subject to update by the Successor Agency. The Successor Agency is required to submit an Oversight Board approved Recognized Obligation Payment Schedule (ROPS) to the County Auditor Controller (CAC) and the Department of Finance (DOF) no fewer than 90 days prior to the semiannual RPTTF property fund (Redevelopment Property Tax Trust Fund) distribution (or October 4 for the January 2 distribution and March 3 for the June 1 distribution) (Section 34177(m)). The distribution revenues have been pledged until the year 2031 for the 2003 Series A bonds, 2019 for the 2003 Series B bonds and 2029 for 2011A Bonds in accordance with EOPS and ROPS. The information of EOPS and ROPS are found on the City's website at

<http://www.ci.santa-ana.ca.us/cda/oversight.asp>

Total Tax Allocation Bonds and Refunding Bonds

\$94,780,000

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

For the Year Ended June 30, 2015

NOTE 3D. LONG-TERM LIABILITIES (CONTINUED):

LONG-TERM LOANS

Santa Ana Venture Loan. In April 1984, the Redevelopment Agency entered into a participation agreement with the Santa Ana Venture, a joint venture between JMB/Federated Realty Association and Henry Segerstrom (the "Participants"), to provide for the rehabilitation and redevelopment of the Main Place project. This agreement provided for the Redevelopment Agency to acquire land within the project area and to sell it to the Participants subject to restrictive terms, conditions, and provisions set forth in the agreement. To fund the Redevelopment Agency's acquisition of land and other related costs above the funding level made available by the Agency the Participants agreed to advance the Participant's purchase price and to make available an unsecured loan of up to \$13.5 million to the extent total Agency costs exceeded \$29 million. The loan accrues interest at 10% per annum and is to be repaid solely from the annual tax increment accruing to the Agency from the project site, each year that the increment is in excess of the tax increment accruing in fiscal year 1984. As of February 1, 2012, the principal balance of \$6.2 million was transferred to the Successor Agency to the Community Development Agency and is recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. As of June 30, 2015, the unpaid accrued interest for the Santa Ana Venture Loan was \$0.3 million. The outstanding principal balance at June 30, 2015 was \$3.6 million.

\$3,567,107

E. Other Bond 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, 2015, the City and the Housing Authority of the City issued residential mortgage revenue bonds totaling \$63.7 million. The proceeds of these bonds were used to purchase mortgage loans made to homeowners and developers for the purpose of financing single-family and multi-family dwellings.

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

For the Year Ended June 30, 2015

NOTE 3E. OTHER BOND AND LOAN PROGRAMS (CONTINUED):

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2001	4.00-6.50%	\$ 3,640,000
November 1, 2001	6.05%	3,306,000
December 23, 2004	Variable	5,225,000
June 25, 2002	6.00%	1,035,778
November 1, 2003	5.24%	5,100,000
May 1, 2006	5.88%	7,343,904
November 16, 2006	Variable	8,140,000
May 1, 2007	5.21%	8,858,276
May 1, 2007	Variable	6,399,746
July 1, 2009	Variable	4,055,000
October 31, 2011	5.85%	10,615,700
		<u>\$ 63,719,404</u>

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

California Municipal Finance Authority (CMFA):

The CMFA issued \$8.0 million in variable rate revenue bonds on behalf of Goodwill Industries of Orange County, California, a nonprofit public benefit corporation. The proceeds will finance acquisition, construction and improvement of various Goodwill facilities. The City has no financial or legal liability for the project or repayment of the bonds and does not constitute any type of indebtedness for the City.

Industrial Development Bond (IDB) Program:

The IDB Program encourages industrial and commercial development by arranging financing and assisting in the acquisition and development of authorized projects. The chief goals of the IDB Program are the creation and retention of jobs, and expansion of the tax base. The City has three avenues through which developers can pursue IDB financing: City Charter Authority, Health Facility Revenue Bonds, and Industrial Development Authority. As of June 30, 2015, two issues totaling \$7.9 million were outstanding (unaudited):

<u>Issuing Authority</u>	<u>Number of Issues</u>	<u>Amount</u>
City Charter Authority	1	\$ 4,168,000
Industrial Development Authority	<u>1</u>	<u>3,706,000</u>
	<u>2</u>	<u>\$ 7,874,000</u>

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

For the Year Ended June 30, 2015

NOTE 3E. OTHER BOND AND LOAN PROGRAMS (CONTINUED):

Rehabilitation Loan Program:

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

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

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

The City accounts for these programs in the Housing Rehabilitation Loan Program Agency Fund where amounts due as Notes Payable to other governmental agencies of \$234,333 are reflected at June 30, 2015.

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

Self-Funding Residential Rehabilitation Loan Program. During April 1983, the City Council implemented a self-funding residential loan program to replace the aforementioned interest rate buy-down programs implemented through banks and savings and loan associations. The program makes direct loans to qualifying persons for both single-family and multiple units in amounts up to \$30,000 at 5% to 8% interest amortized over 15 years for single-family units, and up to \$40,000 for 1 to 3 multiple units amortized over 10 years. Generally, all loans are due upon sale and are secured by a deed of trust. The program is funded by CDBG, HOME, other grant funds and property tax increment revenues prior to the Dissolution Act. At June 30, 2015 loans totaling \$51.5 million and \$61.2 million were recorded as "loans and notes receivable" in the Special Revenue Grants Fund and Capital Projects Housing Successor Agency fund, respectively.

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

For the Year Ended June 30, 2015

F. Commitments

Appellate Court Garage Lease Agreement

On October 27, 2005, the Santa Ana Financing Authority (SAFA) entered the Lease Agreement with the City to lease the City's property at the blocks A, B, C and D on Ross Street (Site) for construction of the three-level parking facility. The term of the Site lease commenced on October 27, 2005 and shall end on May 1, 2046. 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. The term of the lease Agreement commenced on October 25, 2005, and shall end on May 1, 2026, unless such term is extended until there has been deposited with the assignee an amount sufficient to pay all obligations due under the Lease Agreement. In no event shall the term of the lease Agreement extend beyond May 1, 2046.

On March 30, 2007, both parties, the SAFA and the City amended the October 27, 2005 Lease and Release Agreements. The amended term of the Site lease commenced on October 27, 2005 and shall end on May 1, 2026 or may be extended for a certain period, but in no event shall the term of the Lease Agreement extend beyond May 1, 2036. 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 lease payment schedule. 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, 2015 totaled \$5.7 million.

Period Ending June 30	Principal Component	Interest Component	Total Lease Payment
2016	\$ 434,103	\$ 202,916	\$ 637,019
2017	449,871	187,148	637,019
2018	466,212	170,807	637,019
2019	483,147	153,872	637,019
2020	500,697	136,622	637,319
2021-2025	2,789,870	395,224	3,185,094
2026	620,223	16,796	637,019
	<u>\$ 5,744,123</u>	<u>\$ 1,263,385</u>	<u>\$ 7,007,508</u>

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

For the Year Ended June 30, 2015

NOTE 3F. 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, 2015 was \$13.9 million.

Encumbrances	June 30, 2015
General Fund	\$ 1,439,725
Special Revenue Grants	4,094,792
Special Revenue Housing Authority	112,462
Capital Projects Housing Successor Agency	13,000
Capital Projects Street Construction	1,011,701
Nonmajor Special Revenue Fund	373,199
Nonmajor Capital Project Fund	107,751
Water	2,097,421
Sewer	1,987,856
Nonmajor Enterprise Funds	1,090,197
Internal Services Fund	1,545,276
	\$ 13,873,380

NOTE 4. OTHER INFORMATION

A. Risk Management

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

Under these programs, the City is self-insured for workers' compensation up to \$1.0 million each occurrence with Statutory Coverage. Furthermore, the City is a member of the Big Independent Cities Excess Pool (BICEP), a public entity risk pool established to pool resources, share risks, and purchase excess insurance. BICEP's excess liability program began October 1, 1988. Each BICEP member city assumes the first \$1 million of each occurrence. All BICEP members share the risk for the first layer of claims between \$1 million to \$2 million or purchase commercial excess liability insurance depending on market availability and pricing. Reinsurance and excess insurance covers amounts from \$2 million to \$27 million maximum. In 1993, the City became a charter member of the Public Entity Property Insurance Program (PEPIP). Current PEPIP limits are \$1 billion per occurrence for "all risks" and \$82.5 million for flood coverage. The City carries commercial insurance to cover claims of employees participating in the dental program. Also, the City has contracted with the California Public Employees Retirement System (CalPERS) Health Insurance

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

For the Year Ended June 30, 2015

NOTE 4A. RISK MANAGEMENT (CONTINUED):

Program to cover claims of employees participating in the HMO and PPO plans contracted by CalPERS. Settled claims have not exceeded commercial coverage during the last three years.

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

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

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The losses include an estimate of claims that have been incurred but not reported. The effects of specific incremental claim adjustment expenditures/expenses, salvage, and subrogation, and other allocated and unallocated claim adjustment expenditures/expenses are included. At June 30, 2015, the outstanding losses for the workers' compensation and liability programs are reported at their discounted present value. The outstanding losses are discounted at a 2.0% annual interest rate to reflect future investment earnings. The present value computations were performed by an independent casualty actuary, in connection with their actuarial study of the City's self-insured workers' compensation and liability programs undertaken as of June 30, 2015.

Changes in the balances of claims liabilities since July 1, 2013 resulted from the following:

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2013	\$ 20,058,450	\$ 6,558,060	\$ 26,616,510
Claims and Changes in Estimate	6,941,665	3,289,140	10,230,805
Claims Payments	<u>(4,258,981)</u>	<u>(2,097,254)</u>	<u>(6,356,235)</u>
Unpaid Claims - June 30, 2014	22,741,134	7,749,946	30,491,080
Less Discount Taken	<u>(2,378,572)</u>	<u>(250,964)</u>	<u>(2,629,536)</u>
Net Unpaid Claims - June 30, 2014	\$ <u>20,362,562</u>	\$ <u>7,498,982</u>	\$ <u>27,861,544</u>

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

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

For the Year Ended June 30, 2015

B. Related Party Transactions

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

C. Contingent Liabilities

Commitments and Contingencies. Numerous claims and suits have been filed against the City in the normal course of business. To the extent that information available indicates that it is probable a liability has been incurred as of June 30, 2015 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.

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.

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

For the Year Ended June 30, 2015

NOTE 4D. JOINT VENTURES (CONTINUED):

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

E. Defined Benefit Pension Plan

(a) General Information about the Pension Plans

- *Plan Description.* All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of CalPERS’ annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.
- *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 with statutorily reduced benefits. Members who joined CalPERS on or after January 1, 2013 are eligible to retire at age 52 for miscellaneous members and at age 50 for safety participants. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit at level 4, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law at 2%.

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

For the Year Ended June 30, 2015

NOTE 4E. DEFINED BENEFIT PENSION PLAN (CONTINUED):

The Plan's provisions and benefits in effect at June 30, 2015 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 to 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1% to 2.5%
Required employee contribution rates	8%	6.75%
Required employer contribution rates	25.69%	25.69%
	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 rates	41.71%	41.71%

- *Employees Covered.* At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	1,285	958
Inactive employees entitled to but not yet receiving benefits	207	171
Active employees	745	296
Total	2,237	1,425

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

For the Year Ended June 30, 2015

NOTE 4E. DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

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 2014-15, the rate is 6.75% (12.25% for safety employees) of the new members' annual covered salary. As an employer, the City is required to contribute an actuarially determined percentage rate of annual covered payroll. The fiscal year 2014-15 rate was 41.71% for the safety employees and 25.69% 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, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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, 2015

NOTE 4E. DEFINED BENEFIT PENSION PLAN (CONTINUED):

- *Actuarial Assumptions.* The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Amortization Method	Level Percent of Payroll	
Asset Valuation Method	Market Value	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30% to 14.20% (1)	3.30% to 14.20% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Retirement Age	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007	
Mortality	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post- retirement mortality rates include 5 years projected mortality improvement using Scale AA of published by the Society of Actuaries	

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011.

- *Discount Rate.* The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. Management has determined that the difference is immaterial to the financial statements of the City.

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

For the Year Ended June 30, 2015

NOTE 4E. DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

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

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

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

For the Year Ended June 30, 2015

NOTE 4E. DEFINED BENEFIT PENSION PLAN (CONTINUED):

(c) Changes in the Net Pension Liability

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

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013 (VD) ⁽¹⁾	\$ 734,171,796	\$ 500,075,175	\$ 234,096,621
Changes in the year:			
Service cost	10,195,939	-	10,195,939
Interest on the total pension liability	54,166,684	-	54,166,684
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contribution from the employer	-	12,836,905	(12,836,905)
Contribution from the employee	-	5,076,392	(5,076,392)
Net investment income ⁽²⁾	-	85,824,721	(85,824,721)
Benefit payments, including refunds of employee contributions	(34,094,639)	(34,094,639)	-
Net changes during 2013-14	\$ 30,267,984	\$ 69,643,379	\$ (39,375,395)
Balance at June 30, 2014 (MD) ⁽¹⁾	\$ 764,439,780	\$ 569,718,554	\$ 194,721,226

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013 (VD) ⁽¹⁾	\$ 961,954,712	\$ 690,434,055	\$ 271,520,657
Changes in the year:			
Service cost	11,422,391	-	11,422,391
Interest on the total pension liability	70,618,409	-	70,618,409
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contribution from the employer	-	11,118,596	(11,118,596)
Contribution from the employee	-	3,758,344	(3,758,344)
Net investment income ⁽²⁾	-	117,187,596	(117,187,596)
Benefit payments, including refunds of employee contributions	(52,174,231)	(52,174,231)	-
Net changes during 2013-14	\$ 29,866,569	\$ 79,890,305	\$ (50,023,736)
Balance at June 30, 2014 (MD) ⁽¹⁾	\$ 991,821,281	\$ 770,324,360	\$ 221,496,921

⁽¹⁾ The Valuation Date (VD) of the table above is June 30, 2013. The Measurement Date (MD) of the table above is June 30, 2014.

⁽²⁾ Net of administrative expenses.

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

For the Year Ended June 30, 2015

NOTE 4E. 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, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 296,437,142	\$ 349,121,737
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 194,721,226	\$ 221,496,921
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 110,927,421	\$ 116,369,456

- *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, 2015, the City recognized pension expense of \$14,690,045 for safety plan and \$14,518,009 for non-safety employees. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 29,208,054	\$ -
Net differences between projected and actual earnings on pension plan investments	-	(92,901,164)
Total	\$ 29,208,054	\$ (92,901,164)

\$29,208,054 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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	Deferred Outflows/(inflows) of Resources			
	June 30	Miscellaneous	Safety	Total
2016	\$ (9,811,782)	\$ (13,413,509)		\$ (23,225,291)
2017	(9,811,782)	(13,413,509)		(23,225,291)
2018	(9,811,782)	(13,413,509)		(23,225,291)
2019	(9,811,782)	(13,413,509)		(23,225,291)
2020	-	-		-
Thereafter	-	-		-

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

For the Year Ended June 30, 2015

F. Supplementary Retirement Plan

- (a) **Plan Description.** On April 18, 2011, the City adopted a resolution authorizing the implementation of a Public Agency Retirement Services (PARS) for twenty-five POA retirees. On August 24, 2011, City amended the resolution to allow the incumbent POA President to participate under the plan. The plan provides a stipend for twenty-six POA retirees that were denied reportable compensation under the California Public Employee Retirement System (CalPERS) for salary increases they received in exchange for participating in an unpaid furlough program. The plan is an agent-multiple employer defined benefit pension plan.
- (b) **Eligibility.** POA members who retired from July 1, 2009 to December 31, 2010 and participated in an unpaid furlough program. Additionally, one POA President who retired prior to December 31, 2011 was eligible under supplementary retirement plan.
- (c) **Funding Policy.** The City has made available an annual amount of \$119,768 to the plan in accordance with the payment terms defined by the plan. This annual amount is subject to an annual compounding cost of living adjustment of two percent (2%) per year. For fiscal year 2014-15, the City's annual PARS contribution was \$123,373.
- (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 Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2015. A summary of principal assumptions and methods used to determine the net pension liability is shown below.
 - **Actuarial Assumptions.** The actuarial assumptions for the Supplementary Retirement Plan for twenty-six (26) POA retirees included:

Valuation Timing	Actuarially determined contribution rates are calculated as of June 30, for the the fiscal year ending that June 30th.
Measurement Date	6/30/2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method:	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 06/30/2015	17 Years
Amortization growth rate	0.00%
Asset Valuation Method:	
Smoothing period	None
Recognition method	None
Corridor	None
Actuarial Assumptions:	
Inflation	0.00%
Projected Salary Increase	0.00%
Investment Rate of Return	6.00%
Cost of Living	2.00%
Mortality	Males: 1983 GAM Males (as prescribed by PARS) Females: 1983 GAM Females (as prescribed by PARS)

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

For the Year Ended June 30, 2015

NOTE 4F. SUPPLEMENTARY RETIREMENT PLAN (CONTINUED):

- *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, 2015, the plan's fiduciary net position is not projected to be sufficient in the first year of the projection.

The primary assumption in determining the sufficiency of a plan's fiduciary net position relates to expected employer contributions. As of June 30, 2015, 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 chose the Bond Buyer Go 20-Bond Municipal Bond Index. The bond index decreased from 4.29% as of June 30, 2014 to 3.80% as of June 30, 2015 resulting in a decrease in the single equivalent rate from 4.29% as of July 1, 2014 to 3.80% as of June 30, 2015. The decrease in the discount rate increased the unfunded liability by approximately \$118 thousand. The unfunded liability, referred to as the Net Pension Liability, is \$2.08 million for a funded ratio of 3.09% as of June 30, 2015.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	SofA Merrill Lynch 90-Day T-Bills	100%	0.58%	0.54%
Assumed Inflation- Mean			2.60%	2.59%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			0.53%	0.52%
Portfolio Nominal Mean Return			3.14%	3.12%
Portfolio Standard Deviation				1.72%
Long-Term Expected Rate of Return				6.00%

- (e) *Changes in the Net Pension Liability.* The changes in the Net Pension Liability for twenty-six (26) POA retirees plan follows:

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

For the Year Ended June 30, 2015

NOTE 4F. SUPPLEMENTARY RETIREMENT PLAN (CONTINUED):

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2014	\$ 2,045,565	\$ 58,833	\$ 1,986,732
Service cost	-	-	-
Interest on total pension liability	85,299	-	85,299
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	14,220	-	14,220
Effect of assumptions changes or inputs	118,428	-	118,428
Benefit payments	(115,697)	(115,697)	-
Employer contributions	-	123,373	(123,373)
Member contributions	-	-	-
Net investment income	-	-	-
Administrative expenses	-	(148)	148
Balances as of June 30, 2015	\$ 2,147,815	\$ 66,361	\$ 2,081,454

- ***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 3.80%, 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 (2.80%) or 1 percentage point higher (4.80%) than the current rate.

	1%	Current	1%
	Decrease	Discount Rate	Increase
	2.80%	3.80%	4.80%
Total pension liability	\$ 2,427,016	\$ 2,147,815	\$ 1,917,060
Fiduciary net position	66,361	66,361	66,361
Net pension liability	\$ 2,360,655	\$ 2,081,454	\$ 1,850,699

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

As of June 30, 2015, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net differences between projected and actual earnings on pension plan investments	-	3,002
Total	\$ -	\$ 3,002

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

For the Year Ended June 30, 2015

NOTE 4F. SUPPLEMENTARY RETIREMENT PLAN (CONTINUED):

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

Period Ending <u>June 30</u>	<u>Amount</u>
2016	\$751
2017	751
2018	751
2019	749
2020	-
Thereafter*	-

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

(g) Pension Expense:

	<u>July 1, 2014 to June 30, 2015</u>
Service cost	\$ -
Interest on total pension liability	85,299
Effect of plan changes	-
Administrative expenses	148
Member contributions	-
Expected investment return net of investment expenses	(3,753)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	14,220
Recognition of assumption changes or inputs	118,428
Recognition of investment gains or losses	<u>751</u>
Pension Expense	<u>\$ 215,093</u>

G. Retirement Health Benefits

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

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

For the Year Ended June 30, 2015

NOTE 4G. RETIREMENT HEALTH BENEFITS (CONTINUED):

1. Retirement Health Benefit Subsidy Plan

- (a) **Plan Description.** During fiscal year 2001-02, the City established the post-employment health benefits to cover the Police Management Association (PMA), the Santa Ana City Employee’s Chapter 1939/SEIU Local 721 (SEIU), the Mid/Administrative Managers’ Association and Executive Manager (SAMA), and Confidential Association of Santa Ana (CASA) . These plans are single-employer defined benefit plans and do not issue separate financial statements. These plans are considered the Subsidy Plan. Effective October 1, 2006, the City also expanded the contribution to the Police Officers Association (POA) Medical Insurance Trust Fund for their postemployment health benefits. The POA has the full fiscal obligation of the plan; therefore, the Medical Insurance Trust Fund is not an OPEB obligation of the City under GASB 45. On October 1, 2014, SAMA and CASA established a Retiree Health Saving Plan (RHS) account with ICMA-RC for each individual SAMA and CASA member. All contributions into the RHS plan are 100% employee funded. All monies in the SAMA and CASA Retiree Health Benefit Subsidy Plan were distributed to retired and active employees and the Fund dissolved in fiscal year 2014-15. Accordingly, the projected benefits liability for the SAMA and CASA subsidy plans was eliminated.
- (b) **Eligibility.** Employees are eligible for retiree health benefits if they retire from the City within 120 days of separation and are at age 50 (age 52, if a new member on or after January 1, 2012) with at least 5 years of service, and are eligible for a PERS pension. Membership of the plan consisted of the following at June 30, 2015:

	SEIU
Retirees and beneficiaries receiving benefits	176
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	405
Total	581

- (c) **Funding Policy.** The City has annually made available an amount equal to a negotiated percent of the respective bargaining units’ salary base. For fiscal year 2014-15, the negotiated percentage was 1.75% for SEIU and 0.75% for POA. There was no contribution made to the SAMA and CASA Subsidy Plan in fiscal year 2014-15. Eligibility and benefits varies depending upon the pertinent provisions as embodied in each bargaining unit’s Memorandum of Understanding (MOU) with the City.

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

For the Year Ended June 30, 2015

NOTE 4G. RETIREMENT HEALTH BENEFITS (CONTINUED):

(d) **Annual Pension Cost and Funded Status.** Contributions made by the City to each respective bargaining unit in fiscal year 2014-15 and the respective units' balances available for benefits (not held in an irrevocable trust) at June 30, 2015 were as follows:

	<u>Contribution</u>	<u>Balance in Agency Fund</u>
POA	\$ 323,176	\$ N/A (1)
PMA	-	2,640
SEIU	532,589	779,044
SAMA	- (2)	530,538
CASA	- (2)	293,860
Total	\$ <u>855,765</u>	\$ <u>1,606,082</u>

(1) POA manages the Retirees Benefits fund and it is not part of the City Retiree Health Insurance Subsidy Agency Fund.

(2) Starting from 10/1/2014, SAMA and CASA established a Retiree Health Savings Plan with ICMA-RC.

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

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

(a) **Plan Description.** In addition to the negotiated contribution as mentioned above, the City contracted CalPERS Health Benefits under PEMHCA to provide Health Care coverage to the retirees. The PEMHCA benefits are applied to all employee groups other than POA and City Council. Firefighters (FBA, FMA) joined PEMHCA on 1/1/98. All other employee groups (excluding POA) joined PEMHCA on 1/1/99.

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

(c) **Funding Method and Funded Status.** The City selected "unequal" PEMHCA method for the contribution. Under this method, the City offered a lesser contribution for retirees than for active employees. The City paid \$119 for calendar year 2014 and \$122 for calendar year 2015 per active employee for PEMHCA minimum. Beginning 2008, Assembly Bill 2544 changed the computation for annual increases to annuitant health care under the unequal method. Under the new provisions, the City increases annuitant health care contribution equal an amount not less than 5 percent of active employees contribution times number of year in the PEMHCA. The annual increase in minimum PEMHCA contribution to CalPERS will continue until the time that the City contribution for retirees equals the City contribution paid for active employees. During fiscal year 2014-15, the total City's PEMHCA contribution for retirees was \$475,813.

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

For the Year Ended June 30, 2015

NOTE 4G. RETIREMENT HEALTH BENEFITS (CONTINUED):

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

Premium rates and increases

The minimum CalPERS rates for PEMHCA for 2015 is \$122 monthly under the unequal contributions provision based on year entering the plan with a 4.5% increase assumptions. The 2016 CalPERS monthly medical plan rates in the Southern California rate group are shown in the table below.

Southern California 2016 Health Plan Rates

Plan	Actives and Pre-Med Retirees			Medicare Eligible		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2
Anthem HMO Select HMO	\$ 634.75	\$ 1,269.50	\$ 1,650.35	N/A	N/A	N/A
Anthem HMO Traditional HMO	710.79	1,421.58	1,848.05	N/A	N/A	N/A
Blue Shield Access+ HMO	654.87	1,309.74	1,702.66	N/A	N/A	N/A
Blue Shield NetValue HMO	666.35	1,332.70	1,732.51	N/A	N/A	N/A
Health Net Salud y Más HMO	535.98	1,071.96	1,393.55	N/A	N/A	N/A
Health Net Smart Care HMO	596.98	1,193.96	1,552.15	N/A	N/A	N/A
Kaiser HMO	605.05	1,210.10	1,573.13	297.23	594.46	891.69
Sharp Performance Plus HMO	561.34	1,122.68	1,459.48	N/A	N/A	N/A
United Healthcare Alliance HMO	493.99	987.98	1,284.37	320.98	641.96	962.94
PERS Choice PPO	683.71	1,367.42	1,777.65	366.38	732.76	1,099.14
PERS Select PPO	625.20	1,250.40	1,625.52	366.38	732.76	1,099.14
PERS Care PPO	761.50	1,523.00	1,979.90	408.04	816.08	1,224.12
PORAC (PPO) Safety Only	699.00	1,399.00	1,789.00	442.00	881.00	1,408.00

3. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The ARC unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period of the unfunded actuarial liability ends by June 30, 2044. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

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

For the Year Ended June 30, 2015

NOTE 4G. RETIREMENT HEALTH BENEFITS (CONTINUED):

(Dollar amounts in thousands)	PMA	FBA	FMA	SEIU	SAMA	CASA	Total PEMHCA
PEMHCA							
Annual required contribution	\$ 79	\$ 191	\$ 2	\$ 896	\$ 149	\$ 77	\$ 1,394
Interest on net OPEB obligation	14	70	2	215	26	21	348
Adjustment to annual required contribution	<u>(13)</u>	<u>(68)</u>	<u>(2)</u>	<u>(207)</u>	<u>(24)</u>	<u>(20)</u>	<u>(334)</u>
Annual OPEB cost (expense)	80	193	2	904	151	78	1,408
Contribution made	<u>(26)</u>	<u>(123)</u>	<u>(1)</u>	<u>(268)</u>	<u>(47)</u>	<u>(11)</u>	<u>(476)</u>
Increase (decrease) in net OPEB obligation	54	70	1	636	104	67	932
Net OPEB obligation - beginning of year	<u>338</u>	<u>1,759</u>	<u>58</u>	<u>5,378</u>	<u>634</u>	<u>522</u>	<u>8,689</u>
Net OPEB obligation - end of year	<u>\$ 392</u>	<u>\$ 1,829</u>	<u>\$ 59</u>	<u>\$ 6,014</u>	<u>\$ 738</u>	<u>\$ 589</u>	<u>\$ 9,621</u>

(Dollar amounts in thousands)	PMA	(1)	SEIU	SAMA	(2)	CASA	(2)	Total Subsidy Plan
SUBSIDY PLAN (3)								
Annual required contribution	\$ -		\$ 892	\$ -		\$ -		\$ 892
Interest on net OPEB obligation	-		229	-		-		229
Adjustment to annual required contribution	<u>-</u>		<u>(220)</u>	<u>(989)</u>		<u>(872)</u>		<u>(2,081)</u>
Annual OPEB cost (expense)	-		901	(989)		(872)		(960)
Contribution made	<u>-</u>		<u>(533)</u>	<u>-</u>		<u>-</u>		<u>(533)</u>
Increase (decrease) in net OPEB obligation	-		368	(989)		(872)		(1,493)
Net OPEB obligation - beginning of year	<u>-</u>		<u>5,714</u>	<u>989</u>		<u>872</u>		<u>7,575</u>
Net OPEB obligation - end of year	<u>\$ -</u>		<u>\$ 6,082</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ 6,082</u>

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

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

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

(Dollar amounts in thousands)

TOTAL OPEB	PEMHCA	Subsidy Plan	Total OPEB
Annual required contribution	\$ 1,394	\$ 892	\$ 2,286
Interest on net OPEB obligation	348	229	577
Adjustment to annual required contribution	<u>(334)</u>	<u>(2,081)</u>	<u>(2,415)</u>
Annual OPEB cost (expense)	<u>1,408</u>	<u>(960)</u>	<u>448</u>
Contribution made	<u>(476)</u>	<u>(533)</u>	<u>(1,009)</u>
Increase (decrease) in net OPEB obligation	<u>932</u>	<u>(1,493)</u>	<u>(561)</u>
Net OPEB obligation - beginning of year	<u>8,689</u>	<u>7,575</u>	<u>16,264</u>
Net OPEB obligation - end of year	<u>\$ 9,621</u>	<u>\$ 6,082</u>	<u>\$ 15,703</u>

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

For the Year Ended June 30, 2015

NOTE 4G. RETIREMENT HEALTH BENEFITS (CONTINUED):

The required contribution was determined as part of the June 30, 2015 actuarial valuation. The actuarial assumptions for both PEMHCA and Subsidy plans included (a) 4 % investment rate of return, not pre-funded, assets in City investment fund, (b) projected annual salary aggregate increases 3.25%. Also included is an inflation component of 3 % and payroll growth of 3.25%. The actuarial accrued liability (AAL) and normal cost is under the entry age normal actuarial method. The Health Care Cost Trend Rate implicitly considers estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of plan participants. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

(Dollar amounts in thousands):

	Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
PMA	06/30/13	\$ 97	47.4%	\$ 349
FBA	06/30/13	127 (2)	85.0%	1,686
FMA	06/30/13	5 (2)	20.0%	57
SEIU	06/30/13	1,944	26.1%	10,099
SAMA	06/30/13	337	42.1%	1,403
CASA	06/30/13	275	25.5%	1,209
Total		<u>\$ 2,785</u>	<u>31.4%</u>	<u>\$ 14,803</u>
PMA	06/30/14	11 (1)	200.0%	338
FBA	06/30/14	191 (2)	61.8%	1,759
FMA	06/30/14	2 (2)	100.0%	58
SEIU	06/30/14	1,737	42.8%	11,092
SAMA	06/30/14	364	39.6%	1,623
CASA	06/30/14	251	26.3%	1,394
Total		<u>\$ 2,556</u>	<u>42.8%</u>	<u>\$ 16,264</u>
PMA	06/30/15	80 (1)	32.5%	392
FBA	06/30/15	193 (2)	63.7%	1,829
FMA	06/30/15	2 (2)	50.0%	59
SEIU	06/30/15	1,805	44.4%	12,096
SAMA	06/30/15	(838) (3)	-5.6%	738
CASA	06/30/15	(794) (3)	-1.4%	589
Total		<u>\$ 448</u>	<u>43.7%</u>	<u>\$ 15,703</u>

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

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

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

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

For the Year Ended June 30, 2015

NOTE 4G. RETIREMENT HEALTH BENEFITS (CONTINUED):

Funded Status as of June 30, 2015 was as follows (Dollar amounts in thousands):

		(a) Entry Age		(a)-(b)=(c) Unfunded		(d)	(c)/(d)
	Actuarial	Normal	(b)	Actuarial	(b)/(a)	Annual	UAAL
	Valuation	Actuarial	Actuarial	Accrued	Funded	Covered	As a % of
	Date	Liability (AAL)	Value of	Liability	Ratio	Payroll	Covered
			Assets	(UAAL)			Payroll
PMA	06/30/15	\$ 1,535	\$ -	\$ 1,535	0%	\$ 2,671	57.5%
FBA	06/30/15	5,172 (1)	-	5,172	0%	-	0.0%
SEIU	06/30/15	29,117	-	29,117	0%	28,915	100.7%
FMA	06/30/15	44 (1)	-	44	0%	-	0.0%
SAMA	06/30/15	2,465	-	2,465	0%	4,355	56.6%
CASA	06/30/15	1,012	-	1,012	0%	3,259	31.1%
Total		\$ <u>39,345</u>	\$ <u>-</u>	\$ <u>39,345</u>	<u>0%</u>	\$ <u>39,200</u>	<u>100.4%</u>

(1) On April 20, 2012, the City contracted with the Orange County Fire Authority to outsource firefighting and related services which caused the subsidy plan to terminate. The remaining liability for FMA and FBA is associated with PEMHCA benefits for current retirees.

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

H. General Fund Balance Components

On June 4, 2012, the City Council approved the City’s reserve policies. In order to ensure a continued orderly operation of City Government and to address any unforeseen economic occurrences, the City shall establish two General Fund Reserve Accounts: An Unassigned Reserve Account and an Economic Uncertainty Reserve Account.

The City will maintain under the Unassigned Reserve Account designation a minimum reserve level of between 5% and 15% of recurring General Fund operating expenditures. At no time is it permissible for the reserve requirement to fall below 5%. Upon attainment of 15%, the City shall consider and if approved continue to strive for an overall goal of 20% Unassigned Reserve Account. Such reserves shall not be used to fund any form of operating expenditures or to cover any budgetary shortfall other than to preserve ongoing cash flow needs for the City. If at any point in time it is deemed that the City budget is performing at a structural deficit, the use of the Unassigned Reserve Account to balance the budget is strictly prohibited unless approved by two thirds of the City Council. If approved, a corresponding plan to replenish the reserves must be adopted by the same vote.

Upon fulfillment of achieving a minimum Unassigned Reserve Account of 10%, the City shall consider the establishment of a reserve account for Economic Uncertainty. The reserve for Economic Uncertainty is established to offset any major variations in tax receipts as well as fees and charges or unforeseen cost increases. The City maintains a minimum reserve level of 1% to 10% of recurring General Fund revenues with an objective of attaining a maximum goal of

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

For the Year Ended June 30, 2015

NOTE 4H. GENERAL FUND BALANCE COMPONENTS (CONTINUED):

10%. The Economic Uncertainty Reserve can be used upon approval by two thirds vote from the City Council in the situation where that negative variations in projected revenues from the largest revenue sources defined as Sales tax, Property taxes, Property tax in-lieu, Utility Users taxes, Business taxes, and Hotel visitors' taxes exceed 2% with no corresponding General Fund expenditure offset and that a structural deficit exists in the budgeted forecast of the upcoming fiscal year.

The General Fund assigned fund balance totaling \$21,560,958 includes the following items:

a) Contractual Obligations	<u>\$ 1,439,725</u>
b) Continuing projects:	
• Surplus Allocation Plan	\$ 10,750,000
• Strategic Plan	2,184,151
• Downtown Maintenance	292,593
• Peebler Fund and Various Programs	6,394,489
Pension stability (Surplus Allocation Plan)	<u>500,000</u>
Total Continuing projects/pension stability	<u>\$ 20,121,233</u>

The General Fund unassigned fund balance totaling \$45,891,472 includes the following items:

• 20% Operating Reserve	\$ 41,512,985
• Economic Uncertainty Reserve	3,845,592
• Unallocated Amount	<u>532,895</u>
Total Unassigned	<u>\$ 45,891,472</u>

I. Net Position Designations

As of June 30, 2015, the following business-type activities funds of the City had designations of unrestricted net position as follows:

	Water	Parking	Sewer	Nonmajor	Business-Type Activities Enterprise Funds Total
Designated for authorized projects	\$ 5,728,307	\$ -	\$ -	\$ -	\$ 5,728,307
Designated for subsequent year expenditures	12,930,806	431,481	1,084,059	2,698,152	17,144,498
Designated for bond resolutions requirement	1,585,470	-	-	-	1,585,470
Designated for operating reserve	1,955,914	-	1,019,194	-	2,975,108
Designated for working capital	500,000	-	-	-	500,000
Undesignated	-	4,798,426	-	286,147	5,084,573
Total unrestricted net position	<u>\$ 22,700,497</u>	<u>\$ 5,229,907</u>	<u>\$ 2,103,253</u>	<u>\$ 2,984,299</u>	<u>\$ 33,017,956</u>

CITY OF SANTA ANA, CALIFORNIA

Required Supplementary Information

Required Supplementary
Information



General Fund
Budgetary Comparison Schedule
Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 114,369,150	\$ 119,714,150	\$ 125,724,686	\$ 6,010,536
License and permits	3,632,000	4,851,323	5,331,971	480,648
Intergovernmental	43,937,000	45,989,558	48,394,203	2,404,645
Charges for services	9,047,000	10,353,632	9,763,414	(590,218)
Fines and forfeits	7,089,000	7,569,000	5,937,051	(1,631,949)
Investment income	217,585	217,585	575,449	357,864
Cost recoveries and donations	12,205,560	12,993,878	13,790,166	796,288
Rental income	15,512,515	17,175,884	13,117,428	(4,058,456)
Miscellaneous	691,500	868,402	484,855	(383,547)
Total revenues	<u>206,701,310</u>	<u>219,733,412</u>	<u>223,119,223</u>	<u>3,385,811</u>
Expenditures:				
Current:				
General Government:				
City Council	367,060	387,060	384,575	2,485
Clerk of the Council	699,950	699,950	698,664	1,286
City Attorney	2,168,485	2,335,040	2,066,968	268,072
City Manager	1,978,180	2,001,124	1,938,898	62,226
Nondepartmental	3,530,065	7,089,924	3,918,267	3,171,657
Total General Government	<u>8,743,740</u>	<u>12,513,098</u>	<u>9,007,372</u>	<u>3,505,726</u>
Human Resources	1,256,157	1,256,157	1,143,458	112,699
Finance and Management Services	4,488,640	4,470,783	3,986,534	484,249
Museum	1,474,540	1,474,540	1,474,399	141
Library	3,150,835	3,307,881	3,201,007	106,874
Recreation and Community Services	15,061,144	18,179,520	15,866,026	2,313,494
Police Department	108,016,170	109,620,567	107,504,994	2,115,573
Fire Department	41,018,818	41,015,248	40,167,384	847,864
Planning and Building	7,429,421	8,863,326	6,987,980	1,875,346
Public Works	5,215,520	5,260,212	4,834,385	425,827
Community Development	740,500	1,970,918	927,868	1,043,050
	<u>187,851,745</u>	<u>195,419,152</u>	<u>186,094,035</u>	<u>9,325,117</u>
Capital Outlay	410,736	8,091,691	4,737,454	3,354,237
Debt Service:				
Principal retirement	526,629	526,629	447,473	79,156
Interest and fiscal charges	199,101	199,101	201,561	(2,460)
Total expenditures	<u>197,731,951</u>	<u>216,749,671</u>	<u>200,487,895</u>	<u>16,261,776</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,969,359</u>	<u>2,983,741</u>	<u>22,631,328</u>	<u>19,647,587</u>
Other financing sources (uses):				
Transfers in		12,799	12,799	-
Transfers out	(9,820,000)	(10,389,070)	(10,071,674)	317,396
Capital lease arrangements	-	-	4,255,657	4,255,657
Financing proceeds	-	-	954,954	954,954
Total other financing sources (uses)	<u>(9,820,000)</u>	<u>(10,376,271)</u>	<u>(4,848,264)</u>	<u>5,528,007</u>
Net change in fund balances	<u>(850,641)</u>	<u>(7,392,530)</u>	<u>17,783,064</u>	<u>25,175,594</u>
Fund balance - beginning	<u>54,058,740</u>	<u>54,058,740</u>	<u>54,058,740</u>	<u>-</u>
Fund balance - ending	<u>\$ 53,208,099</u>	<u>\$ 46,666,210</u>	<u>\$ 71,841,804</u>	<u>\$ 25,175,594</u>

See accompanying Note to Required Supplementary Information.

**Special Revenue Housing Authority Fund
Budgetary Comparison Schedule
Year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 30,220,015	\$ 30,220,015	\$ 30,080,615	\$ (139,400)
Investment income	28,000	28,000	22,622	(5,378)
Cost recoveries and donations	-	-	17,618	17,618
Miscellaneous	175,000	175,000	110,863	(64,137)
Total revenues	30,423,015	30,423,015	30,231,718	(208,915)
Expenditures:				
Current:				
Community development	30,506,650	30,583,756	30,718,433	(134,677)
Total expenditures	30,506,650	30,583,756	30,718,433	(134,677)
Excess (deficiency) of revenues over (under) expenditures	(83,635)	(160,741)	(486,715)	(325,974)
Net change in fund balance	(83,635)	(160,741)	(486,715)	(325,974)
Fund balance - beginning	4,130,671	4,130,671	4,130,671	-
Fund balance - ending	\$ 4,047,036	\$ 3,969,930	\$ 3,643,956	\$ (325,974)

See accompanying Note to Required Supplementary Information.

**Special Revenue Gas Tax Fund
Budgetary Comparison Schedule
Year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 10,330,000	\$ 10,467,025	\$ 8,985,866	\$ (1,481,159)
Investment income	5,000	3,059,331	166,455	(2,892,876)
Total revenues	<u>10,335,000</u>	<u>13,526,356</u>	<u>9,152,321</u>	<u>(4,374,035)</u>
Expenditures:				
Current:				
Public works	3,318,875	3,479,433	2,765,637	713,796
Debt Service:				
Principal retirement	1,325,000	1,325,000	1,325,000	-
Interest and fiscal charges	<u>2,857,680</u>	<u>2,857,680</u>	<u>2,857,681</u>	<u>(1)</u>
Total expenditures	<u>7,501,555</u>	<u>7,662,113</u>	<u>6,948,318</u>	<u>713,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,833,445</u>	<u>5,864,243</u>	<u>2,204,003</u>	<u>(3,660,240)</u>
Other financing sources (uses):				
Transfers out	<u>(2,833,445)</u>	<u>(5,887,776)</u>	<u>(4,688,482)</u>	<u>1,199,294</u>
Total other financing sources (uses)	<u>(2,833,445)</u>	<u>(5,887,776)</u>	<u>(4,688,482)</u>	<u>1,199,294</u>
Net change in fund balance	-	(23,533)	(2,484,479)	(2,460,946)
Fund balance - beginning	<u>24,658,705</u>	<u>24,658,705</u>	<u>24,658,705</u>	<u>-</u>
Fund balance - ending	<u>\$ 24,658,705</u>	<u>\$ 24,635,172</u>	<u>\$ 22,174,226</u>	<u>\$ (2,460,946)</u>

See accompanying Note to Required Supplementary Information.

CITY OF SANTA ANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

A. BUDGETARY INFORMATION

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

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

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

For the Year Ended June 30, 2015

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 reservations of fund balances since they do not constitute expenditures or liabilities. The capital projects and grant-length appropriations are an automatic supplemental appropriation for the new fiscal year for the unexpended balance. All other annual appropriations lapse at fiscal year-end to the extent that they have not been expended or lawfully encumbered. Expenditures may not legally exceed appropriations at the departmental level in the governmental funds, except that certain Special Revenue Funds and Capital Projects Funds are maintained at the project level.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes; and if proceeds of taxes exceed allowed appropriations, the excess must be returned to the taxpayers through revised tax rates or fee schedules within the next two years. For the fiscal year ended June 30, 2015, proceeds of taxes did not exceed related appropriations.

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

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

For the Year Ended June 30, 2015

**An Agent Multiple-Employer Defined Benefit Pension Plan
Miscellaneous and Safety Plans
Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Period**

Measurement Period: Plan:	<u>Fiscal Year</u> (1) <u>2013-14</u> <u>Miscellaneous</u>	<u>Fiscal Year</u> (1) <u>2013-14</u> <u>Safety</u>
TOTAL PENSION LIABILITY		
Service Cost	\$ 10,195,939	\$ 11,422,391
Interest	54,166,684 (2)	70,618,409 (2)
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(34,094,639)</u>	<u>(52,174,231)</u>
Net Change in Total Pension Liability	30,267,984	29,866,569
Total Pension Liability- Beginning	<u>734,171,796</u>	<u>961,954,712</u>
Total Pension Liability- Ending (a)	<u>\$ 764,439,780</u>	<u>\$ 991,821,281</u>
PLAN FIDUCIARY NET POSITION		
Contributions-Employer Contributions	\$ 12,836,905	\$ 11,118,596
Contributions - Employee	5,076,392	3,758,344
Net Investment Income (2)	85,824,721	117,187,596
Benefit Payments, Including Refunds of Employee Contributions	(34,094,639)	(52,174,231)
Other Changes in Fiduciary Net Position	<u>-</u>	<u>-</u>
Net Change in Fiduciary Net Position	69,643,379	79,890,305
Plan Fiduciary Net Position- Beginning	<u>500,075,175</u>	<u>690,434,055</u>
Plan Fiduciary Net Position- Ending (b)	<u>\$ 569,718,554</u>	<u>\$ 770,324,360</u>
Plan Net Pension Liability/(Asset)- Ending (a) - (b)	<u>\$ 194,721,226</u>	<u>\$ 221,496,921</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.53%	77.67%
Covered-Employee Payroll	\$ 57,613,942	\$ 37,782,453
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	337.98%	586.24%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

(2) Net of administrative expenses. Plan administrative expenses are not displayed in the above schedule. Since the expected investment return of 7.5 percent is net of administrative expenses, administrative expenses are excluded from the above schedule, but implicitly included as part of investment earnings.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

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

For the Year Ended June 30, 2015

**An Agent Multiple-Employer Defined Benefit Pension Plan
Miscellaneous and Safety Plans
Schedule of Plan Contributions
As of June 30, 2015 ⁽¹⁾**

Schedule of Contributions ⁽¹⁾

Measurement Period:	<u>Fiscal Year 2014-15</u>	
Plan:	<u>Miscellaneous</u>	<u>Safety</u>
Actuarially Determined Contribution	\$ 14,518,009	\$ 14,690,045
Contributions in Relation to the Actuarially Determined Contribution	(14,518,009)	(14,690,045)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered-Employee Payroll	 \$ 56,516,698	 \$ 35,219,117
 Contributions as a Percentage of Covered-Employee Payroll	 25.69%	 41.71%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Notes to Schedule:

Valuation Date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percentage of payroll, closed
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3%
 Investment Rate of Return Retirement Age	 7.5% Net of Pension Plan Investment and Administrative Expenses; included inflation.
 Retirement Age	 The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
 Mortality	 The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years projected mortality improvement using Scale AA of published by the Society of Actuaries.

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

For the Year Ended June 30, 2015

**An Agent Multiple-Employer Defined Benefit
Supplementary Retirement Plan
Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Period**

Measurement Period: Plan:	<u>Fiscal Year 2014-15</u> (1) <u>POA Supplementary</u> <u>Retirement</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ -
Interest on total pension liability	85,299
Effect of plan changed	-
Effect of economic/demographic gains or losses	14,220
Effect of assumptions changes or input	118,428
Benefit Payments	(115,697)
Net Change in Total Pension Liability	<u>102,250</u>
Total Pension Liability- Beginning	<u>2,045,565</u>
Total Pension Liability- Ending (a)	<u>\$ 2,147,815</u>
PLAN FIDUCIARY NET POSITION	
Employer Contributions	\$ 123,373
Member contributions	-
Net Investment income net of investment expenses	-
Benefit Payments	(115,697)
Administrative expenses	(148)
Net Change in Fiduciary Net Position	<u>7,528</u>
Plan Fiduciary Net Position- Beginning	<u>58,833</u>
Plan Fiduciary Net Position- Ending (b)	<u>\$ 66,361</u>
Plan Net Pension Liability/(Asset)- Ending (a) - (b)	<u>\$ 2,081,454</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	3.09%
Covered-Employee Payroll	N/A
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	N/A

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

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

For the Year Ended June 30, 2015

**An Agent Multiple-Employer Defined Benefit
Supplementary Retirement Plan
Schedule of Employer Contributions ⁽¹⁾
As of June 30, 2015**

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2012	\$ 135,306	\$ 123,769	\$ 11,537	N/A	N/A
2013	138,795	121,517	17,278	N/A	N/A
2014	142,599	120,954	21,645	N/A	N/A
2015	146,195	123,373	22,822	N/A	N/A

(1) The City of Santa Ana implemented Supplementary Retirement Plan for twenty-six POA retirees during the fiscal year ended June 30, 2012. Information prior to fiscal year 2012 is not available.

Note to Supplementary Retirement Plan:

Valuation date:	6/30/2015
Method and assumption used to determine contribution rates:	
Actuarial Cost Method	Entry-Age Normal
Amortization Method:	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 06/30/2015	17 Years
Amortization growth rate	0.00%
Asset Valuation Method:	
Smoothing period	None
Recognition method	None
Corridor	None
Actuarial Assumptions:	
Inflation	N/A
Salary increases including inflation	None
Long-term investment rate of return	6.00%
Cost of Living	2% compounding
Mortality	Males: 1983 GAM Males (as prescribed by PARS) Females: 1983 GAM Females (as prescribed by PARS)

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

For the Year Ended June 30, 2015

**Required Supplementary Information
OPEB Schedule of Funding Progress
June 30, 2015**

		(a) Entry Age Normal Actuarial Accrued Liability (AAL)	(b) Actuarial Value of Assets	(a)-(b)=(c) Unfunded/ Actuarial Accrued Liability (UAAL)	(b)/(a) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL As a % of Covered Payroll
PMA	06/30/13	\$ 2,041,000	\$ -	\$ 2,041,000	0%	\$ 2,415,000	84.5%
FBA	06/30/13	3,135,000 (1)	-	3,135,000	0%	18,924,000	16.6%
SEIU	06/30/13	29,698,000	-	29,698,000	0%	34,514,000	86.0%
FMA	06/30/13	125,000 (1)	-	125,000	0%	728,000	17.2%
SAMA	06/30/13	5,625,000	-	5,625,000	0%	6,302,000	89.3%
CASA	06/30/13	<u>3,614,000</u>	<u>-</u>	<u>3,614,000</u>	<u>0%</u>	<u>5,499,000</u>	<u>65.7%</u>
Total		<u>\$ 44,238,000</u>	<u>\$ -</u>	<u>\$ 44,238,000</u>	<u>0%</u>	<u>\$ 68,382,000</u>	<u>64.7%</u>
PMA	06/30/14	\$ 1,476,381	\$ -	\$ 1,476,381	0%	\$ 2,586,852	57.1%
FBA	06/30/14	5,090,732 (1)	-	5,090,732	0%	- (1)	0.0%
SEIU	06/30/14	27,905,547	-	27,905,547	0%	28,004,957	99.6%
FMA	06/30/14	43,891 (1)	-	43,891	0%	- (1)	0.0%
SAMA	06/30/14	5,914,046	-	5,914,046	0%	4,217,748	140.2%
CASA	06/30/14	<u>3,322,123</u>	<u>-</u>	<u>3,322,123</u>	<u>0%</u>	<u>3,156,072</u>	<u>105.3%</u>
Total		<u>\$ 43,752,720</u>	<u>\$ -</u>	<u>\$ 43,752,720</u>	<u>0%</u>	<u>\$ 37,965,629</u>	<u>115.2%</u>
PMA	06/30/15	\$ 1,535,258	\$ -	\$ 1,535,258	0%	\$ 2,670,925	57.5%
FBA	06/30/15	5,171,573 (1)	-	5,171,573	0%	- (1)	0.0%
SEIU	06/30/15	29,116,907	-	29,116,907	0%	28,915,118	100.7%
FMA	06/30/15	44,514 (1)	-	44,514	0%	- (1)	0.0%
SAMA	06/30/15	2,464,891	-	2,464,891	0%	4,354,825	56.6%
CASA	06/30/15	<u>1,012,257</u>	<u>-</u>	<u>1,012,257</u>	<u>0%</u>	<u>3,258,644</u>	<u>31.1%</u>
Total		<u>\$ 39,345,400</u>	<u>\$ -</u>	<u>\$ 39,345,400</u>	<u>0%</u>	<u>\$ 39,199,512</u>	<u>100.4%</u>

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

CITY OF SANTA ANA, CALIFORNIA

Supplementary Schedules



**Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015**

	Special Revenue Funds	Capital Projects Funds	Total
Assets			
Cash and investments	\$ 8,208,443	\$ 12,144,228	\$ 20,352,671
Receivables:			
Interest	4,734	7,148	11,882
Intergovernmental	369,052	136,240	505,292
Total assets	<u>8,582,229</u>	<u>\$ 12,287,616</u>	<u>20,869,845</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities:			
Accounts payable	252,365	350,735	603,100
Retention payable	4,387	770	5,157
Due to other funds	-	547,967	547,967
Total liabilities	<u>256,752</u>	<u>899,472</u>	<u>1,156,224</u>
Deferred inflows of resources:			
Unavailable revenues	<u>260,980</u>	<u>136,240</u>	<u>397,220</u>
Fund balances:			
Restricted for:			
Community development	-	1,991,908	1,991,908
Public safety	25,992	-	25,992
Drainage construction	-	3,405,130	3,405,130
Public works	7,275,583	-	7,275,583
Cultural recreation and community services	762,922	6,540,461	7,303,383
Unassigned	<u>-</u>	<u>(685,595)</u>	<u>(685,595)</u>
Total fund balances	<u>8,064,497</u>	<u>11,251,904</u>	<u>19,316,401</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,582,229</u>	<u>\$ 12,287,616</u>	<u>\$ 20,869,845</u>

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Taxes	\$ -	\$ 235,097	\$ 235,097
Intergovernmental	2,813,681	1,812,278	4,625,959
Charges for services	547,697	-	547,697
Investment income	51,718	79,798	131,516
Cost recoveries	630,145	1,804,619	2,434,764
Miscellaneous	-	193,390	193,390
Total revenues	<u>4,043,241</u>	<u>4,125,182</u>	<u>8,168,423</u>
Expenditures:			
Current:			
Human resources	104,301	-	104,301
Finance and Management Services	127,121	-	127,121
Recreation and community services	2,044,689	477,383	2,522,072
Police department	1,379,168	-	1,379,168
Planning and building	69,358	-	69,358
Public works	38,444	530,250	568,694
Capital outlay	208,501	1,490,113	1,698,614
Total expenditures	<u>3,971,582</u>	<u>2,497,746</u>	<u>6,469,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71,659</u>	<u>1,627,436</u>	<u>1,699,095</u>
Other financing sources:			
Transfers in	<u>820,000</u>	<u>-</u>	<u>820,000</u>
Total other financing sources	<u>820,000</u>	<u>-</u>	<u>820,000</u>
Net change in fund balances	891,659	1,627,436	2,519,095
Fund balances - beginning	<u>7,172,838</u>	<u>9,624,468</u>	<u>16,797,306</u>
Fund balances - ending	<u>\$ 8,064,497</u>	<u>\$ 11,251,904</u>	<u>\$ 19,316,401</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, 2015**

	Sewer Connection Fee	Civic Center & Maintenance
Assets		
Cash and investments	\$ 7,324,278	\$ 135,752
Receivables:		
Interest	4,239	-
Intergovernmental	-	260,980
Total assets	<u>7,328,517</u>	<u>396,732</u>
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	52,934	67,709
Retention payable	-	-
Total liabilities	<u>52,934</u>	<u>67,709</u>
Deferred inflows of resources:		
Unavailable revenues	-	<u>260,980</u>
Fund balances:		
Restricted for:		
Public safety	-	-
Public works	7,275,583	-
Cultural recreation and community services	-	<u>68,043</u>
Total fund balances	<u>7,275,583</u>	<u>68,043</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,328,517</u>	<u>\$ 396,732</u>

NONMAJOR SPECIAL REVENUE FUNDS

	Air Quality Improvement	Total
Inmate Welfare		
\$ 39,665	\$ 708,748	\$ 8,208,443
20	475	4,734
-	108,072	369,052
39,685	817,295	8,582,229
13,693	118,029	252,365
-	4,387	4,387
13,693	122,416	256,752
-	-	260,980
25,992	-	25,992
-	-	7,275,583
-	694,879	762,922
25,992	694,879	8,064,497
\$ 39,685	\$ 817,295	\$ 8,582,229

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2015

	Sewer Connection Fee	Civic Center & Maintenance	Inmate Welfare	Air Quality Improvement	Total
Revenues:					
Intergovernmental	\$ -	\$ 2,295,537	\$ -	\$ 518,144	\$ 2,813,681
Charges for services	547,697	-	-	-	547,697
Investment income	46,889	-	274	4,555	51,718
Cost recoveries	312,045	-	315,625	2,475	630,145
Total revenues	<u>906,631</u>	<u>2,295,537</u>	<u>315,899</u>	<u>525,174</u>	<u>4,043,241</u>
Expenditures:					
Current:					
Human resources	-	-	-	104,301	104,301
Finance and management services	-	-	-	127,121	127,121
Recreation and community services	-	2,044,689	-	-	2,044,689
Police department	-	1,030,394	348,774	-	1,379,168
Planning and building	-	-	-	69,358	69,358
Public works	38,444	-	-	-	38,444
Capital Outlay	70,195	-	-	138,306	208,501
Total expenditures	<u>108,639</u>	<u>3,075,083</u>	<u>348,774</u>	<u>439,086</u>	<u>3,971,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>797,992</u>	<u>(779,546)</u>	<u>(32,875)</u>	<u>86,088</u>	<u>71,659</u>
Other financing sources:					
Transfers in	-	820,000	-	-	820,000
Total other financing sources	<u>-</u>	<u>820,000</u>	<u>-</u>	<u>-</u>	<u>820,000</u>
Net change in fund balances	797,992	40,454	(32,875)	86,088	891,659
Fund balances - beginning	<u>6,477,591</u>	<u>27,589</u>	<u>58,867</u>	<u>608,791</u>	<u>7,172,838</u>
Fund balances - ending	<u>\$ 7,275,583</u>	<u>\$ 68,043</u>	<u>\$ 25,992</u>	<u>\$ 694,879</u>	<u>\$ 8,064,497</u>

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds
Sewer Connection Fee
Budgetary Comparison Schedule
Year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 460,000	\$ 460,000	\$ 547,697	\$ 87,697
Investment income	40,000	40,000	46,889	6,889
Cost recoveries	-	-	312,045	312,045
	500,000	500,000	906,631	406,631
Expenditures:				
Current:				
Public works	-	-	38,444	(38,444)
Capital Outlay	500,000	500,000	70,195	429,805
	500,000	500,000	108,639	391,361
Excess (deficiency) of revenues over (under) expenditures	-	-	797,992	797,992
Net change in fund balance	-	-	797,992	797,992
Fund balance - beginning	6,477,591	6,477,591	6,477,591	-
Fund balance - ending	\$ 6,477,591	\$ 6,477,591	\$ 7,275,583	\$ 797,992

Nonmajor Special Revenue Funds
Civic Center & Maintenance
Budgetary Comparison Schedule
Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,628,830	\$ 3,072,210	\$ 2,295,537	\$ (776,673)
Total revenues	2,628,830	3,072,210	2,295,537	(776,673)
Expenditures:				
Current:				
Recreation and community services	2,000,770	2,368,025	2,044,689	323,336
Police department	1,228,060	1,206,833	1,030,394	176,439
Total expenditures	3,228,830	3,574,858	3,075,083	499,775
Excess (deficiency) of revenues over (under) expenditures	(600,000)	(502,648)	(779,546)	(276,898)
Other financing sources:				
Transfers in	600,000	820,000	820,000	-
Total other financing sources	600,000	820,000	820,000	-
Net change in fund balance	-	317,352	40,454	(276,898)
Fund balance - beginning	27,589	27,589	27,589	-
Fund balance (deficit) - ending	\$ 27,589	\$ 344,941	\$ 68,043	\$ (276,898)

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds
Inmate Welfare
Budgetary Comparison Schedule
Year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 3,500	\$ 3,500	\$ 274	\$ (3,226)
Cost recoveries	450,000	450,000	315,625	(134,375)
Total revenues	453,500	453,500	315,899	(137,601)
Expenditures:				
Current:				
Police department	628,500	639,561	348,774	290,787
Total expenditures	628,500	639,561	348,774	290,787
Excess (deficiency) of revenues over (under) expenditures	(175,000)	(186,061)	(32,875)	153,186
Net change in fund balance	(175,000)	(186,061)	(32,875)	153,186
Fund balance - beginning	58,867	58,867	58,867	-
Fund balance (deficit) - ending	\$ (116,133)	\$ (127,194)	\$ 25,992	\$ 153,186

CITY OF SANTA ANA

**Nonmajor Special Revenue Funds
Air Quality Improvement
Budgetary Comparison Schedule
Year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 414,000	\$ 906,848	\$ 518,144	\$ (388,704)
Investment income	300	300	4,555	4,255
Cost recoveries	1,850	1,850	2,475	625
Total revenues	<u>416,150</u>	<u>908,998</u>	<u>525,174</u>	<u>(383,824)</u>
Expenditures:				
Current:				
Human resources	299,860	299,883	104,301	195,582
Finance and management services	-	-	127,121	(127,121)
Planning and building	382,400	461,392	69,358	392,034
Capital Outlay	200,000	692,848	138,306	554,542
Total expenditures	<u>882,260</u>	<u>1,454,123</u>	<u>439,086</u>	<u>1,015,037</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(466,110)</u>	<u>(545,125)</u>	<u>86,088</u>	<u>631,213</u>
Net change in fund balance	(466,110)	(545,125)	86,088	631,213
Fund balance - beginning	<u>608,791</u>	<u>608,791</u>	<u>608,791</u>	<u>-</u>
Fund balance - ending	<u>\$ 142,681</u>	<u>\$ 63,666</u>	<u>\$ 694,879</u>	<u>\$ 631,213</u>

Nonmajor Capital Projects Funds

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

Capital Grants – This is a combined report of various capital grants awarded to the City by Federal, State, and local governments not otherwise accounted for in the General and Special Revenue Funds.

Drainage Construction – This fund is used to account for the receipt and disbursements of funds received from developers in the form of drainage assessment fees to be used for storm drain construction.

Park Acquisitions & Development – This fund is used to account for the receipt and disbursement of funds received from developers in the form of development fees for use in park land acquisition and development.

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, 2015**

	Capital Grants	Drainage Construction
Assets		
Cash and investments	\$ -	\$ 3,609,488
Receivables:		
Interest	-	2,269
Intergovernmental	136,240	-
	<u>136,240</u>	<u>-</u>
Total assets	<u>136,240</u>	<u>3,611,757</u>
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	137,628	206,627
Retention payable	-	-
Due to other funds	547,967	-
	<u>685,595</u>	<u>206,627</u>
Total liabilities	<u>685,595</u>	<u>206,627</u>
Deferred inflows of resources:		
Unavailable revenues	136,240	-
	<u>136,240</u>	<u>-</u>
Fund balances:		
Restricted for:		
Community development	-	-
Drainage construction	-	3,405,130
Cultural recreation and community services	-	-
Unassigned:	(685,595)	-
	<u>(685,595)</u>	<u>-</u>
Total fund balances (deficit)	<u>(685,595)</u>	<u>3,405,130</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 136,240</u>	<u>\$ 3,611,757</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Inclusionary Housing Fee	Total
\$ 6,543,922	\$ 1,990,818	\$ 12,144,228
3,789	1,090	7,148
-	-	136,240
<u>6,547,711</u>	<u>1,991,908</u>	<u>12,287,616</u>
6,480	-	350,735
770	-	770
-	-	547,967
<u>7,250</u>	<u>-</u>	<u>899,472</u>
-	-	136,240
-	1,991,908	1,991,908
-	-	3,405,130
6,540,461	-	6,540,461
-	-	(685,595)
<u>6,540,461</u>	<u>1,991,908</u>	<u>11,251,904</u>
<u>\$ 6,547,711</u>	<u>\$ 1,991,908</u>	<u>\$ 12,287,616</u>

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2015

	Capital Grants	Drainage Construction
Revenues:		
Taxes	\$ -	\$ 235,097
Intergovernmental	1,812,278	-
Investment income	-	28,818
Cost recoveries	-	-
Miscellaneous	87,040	-
Total revenues	<u>1,899,318</u>	<u>263,915</u>
Expenditures:		
Current:		
Recreation and Community Services	281,798	-
Public Works	530,250	-
Capital outlay	<u>51,504</u>	<u>1,438,609</u>
Total expenditures	<u>863,552</u>	<u>1,438,609</u>
Net change in fund balances	<u>1,035,766</u>	<u>(1,174,694)</u>
Fund balances (deficit) - beginning	<u>(1,721,361)</u>	<u>4,579,824</u>
Fund balances (deficit) - ending	<u><u>\$ (685,595)</u></u>	<u><u>\$ 3,405,130</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Inclusionary Housing Fee	Total
\$ -	\$ -	235,097
-	-	1,812,278
38,744	12,236	79,798
1,804,619	-	1,804,619
-	106,350	193,390
<u>1,843,363</u>	<u>118,586</u>	<u>4,125,182</u>
195,585	-	477,383
-	-	530,250
-	-	1,490,113
<u>195,585</u>	<u>-</u>	<u>2,497,746</u>
<u>1,647,778</u>	<u>118,586</u>	<u>1,627,436</u>
<u>4,892,683</u>	<u>1,873,322</u>	<u>9,624,468</u>
<u>\$ 6,540,461</u>	<u>\$ 1,991,908</u>	<u>\$ 11,251,904</u>



CITY OF SANTA ANA, CALIFORNIA
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Nonmajor Enterprise Funds

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

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

Refuse Collections - For the provision of refuse collection services to the residential, commercial and industrial segments of the City.

Transportation Center - For the provision of a concentrated commuter-oriented transportation center for the region.

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

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, 2015

	<u>Refuse Collections</u>	<u>Transportation Center</u>
Assets:		
Current assets:		
Cash and investments	\$ 5,802,287	\$ 83,710
Receivables:		
Taxes	-	-
Interest	8,331	-
Accounts, net of allowance for uncollectibles	1,950,338	14,098
Total current assets	<u>7,760,956</u>	<u>97,808</u>
Noncurrent assets:		
Capital assets:		
Land	-	3,792,491
Buildings	-	8,607,909
Improvements other than buildings	-	3,649,549
Equipment	-	-
Parking structures	-	4,817,296
Construction in progress	-	-
Less accumulated depreciation	-	(10,930,846)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>9,936,399</u>
Total noncurrent assets	<u>-</u>	<u>9,936,399</u>
Total assets	<u>7,760,956</u>	<u>10,034,207</u>
Deferred outflows of resources:		
Pension contributions subsequent to measurement date	31,488	-
Total deferred outflows of resources	<u>31,488</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable	129,426	53,791
Retention payable	-	-
Compensated absences payable (current portion)	19,939	-
Grant advances	282,049	-
Deposits payable	-	11,000
Total current liabilities	<u>431,414</u>	<u>64,791</u>
Noncurrent liabilities:		
Compensated absences payable (net of current portion)	59,818	-
Postemployment benefits obligation	45,167	1,574
Net pension liability	422,273	-
Total noncurrent liabilities	<u>527,258</u>	<u>1,574</u>
Total liabilities	<u>958,672</u>	<u>66,365</u>
Deferred inflows of resources:		
Net differences between projected and actual earnings on pension plan investments	85,115	-
Net position:		
Net investment in capital assets	-	9,936,399
Restricted for:		
National Pollution Discharge Elimination System	-	-
Unrestricted	6,748,657	31,443
Total net position (deficit)	<u>\$ 6,748,657</u>	<u>\$ 9,967,842</u>

NONMAJOR ENTERPRISE FUNDS

Sanitation	Federal Clean Water Protection	Total
\$ 2,962,334	\$ 5,098,483	\$ 13,946,814
3,827	-	3,827
4,655	7,984	20,970
1,144,133	165,784	3,274,353
<u>4,114,949</u>	<u>5,272,251</u>	<u>17,245,964</u>
-	-	3,792,491
-	-	8,607,909
-	547,015	4,196,564
19,592	-	19,592
-	-	4,817,296
-	91,324	91,324
<u>(18,775)</u>	<u>(189,176)</u>	<u>(11,138,797)</u>
817	449,163	10,386,379
817	449,163	10,386,379
<u>4,115,766</u>	<u>5,721,414</u>	<u>27,632,343</u>
436,128	135,066	602,682
<u>436,128</u>	<u>135,066</u>	<u>602,682</u>
327,047	222,313	732,577
-	7,921	7,921
102,026	957	122,922
-	-	282,049
-	-	11,000
<u>429,073</u>	<u>231,191</u>	<u>1,156,469</u>
306,076	2,872	368,766
583,151	137,678	767,570
<u>5,849,564</u>	<u>1,811,555</u>	<u>8,083,392</u>
<u>6,738,791</u>	<u>1,952,105</u>	<u>9,219,728</u>
<u>7,167,864</u>	<u>2,183,296</u>	<u>10,376,197</u>
<u>1,179,014</u>	<u>365,132</u>	<u>1,629,261</u>
817	441,242	10,378,458
-	2,866,810	2,866,810
<u>(3,795,801)</u>	<u>-</u>	<u>2,984,299</u>
<u>\$ (3,794,984)</u>	<u>\$ 3,308,052</u>	<u>\$ 16,229,567</u>

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2015

	Refuse Collections	Transportation Center
Operating revenues:		
Charges for services	\$ 17,269,774	\$ 746,092
Miscellaneous	-	10,972
Total operating revenues	<u>17,269,774</u>	<u>757,064</u>
Operating expenses:		
Personnel services	270,641	-
Contractual services	8,383,746	689,036
Materials and supplies	4,495	7,348
Administrative charges	7,287,176	61,007
Depreciation	-	429,590
Total operating expenses	<u>15,946,058</u>	<u>1,186,981</u>
Operating income (loss)	<u>1,323,716</u>	<u>(429,917)</u>
Nonoperating revenues (expenses):		
Intergovernmental	76,962	-
Investment earnings	35,799	129
Total nonoperating revenues	<u>112,761</u>	<u>129</u>
Income before capital contributions and transfers	1,436,477	(429,788)
Transfers in	-	-
Transfers out	-	-
Change in net position	<u>1,436,477</u>	<u>(429,788)</u>
Net position - beginning	5,792,006	10,397,630
Reduction in net position to record beginning net pension liability	<u>(479,826)</u>	<u>-</u>
Net position - beginning, as restated	<u>5,312,180</u>	<u>10,397,630</u>
Net position (deficit)- ending	<u>\$ 6,748,657</u>	<u>\$ 9,967,842</u>

NONMAJOR ENTERPRISE FUND

	Federal Clean Water Protection	
Sanitation		Total
\$ 8,045,166	\$ 2,862,348	\$ 28,923,380
-	-	10,972
8,045,166	2,862,348	28,934,352
2,734,163	768,142	3,772,946
2,350,615	1,011,219	12,434,616
147,197	4,337	163,377
2,021,681	222,391	9,592,255
1,959	27,351	458,900
7,255,615	2,033,440	26,422,094
789,551	828,908	2,512,258
-	-	76,962
19,335	34,992	90,255
19,335	34,992	167,217
808,886	863,900	2,679,475
7,113	-	7,113
(30,913)	-	(30,913)
785,086	863,900	2,655,675
2,066,743	4,502,604	22,758,983
(6,646,813)	(2,058,452)	(9,185,091)
(4,580,070)	2,444,152	13,573,892
\$ (3,794,984)	\$ 3,308,052	\$ 16,229,567

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2015

	Refuse Collections	Transportation Center
Cash flows from operating activities:		
Receipts from customers	\$ 17,229,900	\$ 731,994
Receipts from other operating sources	-	10,972
Payments to suppliers for goods and services	(15,626,955)	(794,476)
Payments to employees	(215,373)	(2,533)
Net cash provided (used) by operating activities	<u>1,387,572</u>	<u>(54,043)</u>
Cash flows from noncapital financing activities:		
Intergovernment contribution	177,869	-
Transfer in	-	-
Transfer out	-	-
Net cash provided (used) by noncapital financing activities	<u>177,869</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	-
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	<u>31,359</u>	<u>283</u>
Net cash provided by investing activities	<u>31,359</u>	<u>283</u>
Net increase (decrease) in cash and cash equivalents	1,596,800	(53,760)
Cash and cash equivalents - beginning	<u>4,205,487</u>	<u>137,470</u>
Cash and cash equivalents - ending	<u>\$ 5,802,287</u>	<u>\$ 83,710</u>

Sanitation	Federal Clean Water Protection	Total
\$ 8,018,032	\$ 2,906,273	\$ 28,886,199
-	-	10,972
(4,655,791)	(1,177,400)	(22,254,622)
(2,937,936)	(788,971)	(3,944,813)
<u>424,305</u>	<u>939,902</u>	<u>2,697,736</u>
-	-	177,869
7,113	-	7,113
(30,913)	-	(30,913)
<u>(23,800)</u>	<u>-</u>	<u>154,069</u>
-	(6,675)	(6,675)
-	(6,675)	(6,675)
<u>17,210</u>	<u>31,213</u>	<u>80,065</u>
<u>17,210</u>	<u>31,213</u>	<u>80,065</u>
417,715	964,440	2,925,195
<u>2,544,619</u>	<u>4,134,043</u>	<u>11,021,619</u>
<u>\$ 2,962,334</u>	<u>\$ 5,098,483</u>	<u>\$ 13,946,814</u>

Continued

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2015

	<u>Refuse Collections</u>	<u>Transportation Center</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 1,323,716	\$ (429,917)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	-	429,590
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(39,874)	(14,098)
Increase (decrease) in accounts payable	48,462	(37,085)
Increase (decrease) in compensated absences payable	54,902	-
Increase (decrease) in postemployment benefits obligation	4,292	(2,533)
Increase (decrease) in net pension liability	(3,926)	-
Net cash provided (used) by operating activities	<u>\$ 1,387,572</u>	<u>\$ (54,043)</u>

Sanitation	Federal Clean Water Protection	Total
\$ 789,551	\$ 828,908	\$ 2,512,258
1,959	27,351	458,900
(27,134)	43,925	(37,181)
(136,298)	60,547	(64,374)
(176,199)	331	(120,966)
26,789	(4,329)	24,219
(54,363)	(16,831)	(75,120)
<u>\$ 424,305</u>	<u>\$ 939,902</u>	<u>\$ 2,697,736</u>



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Internal Service Funds

To account for the financing of goods or services provided by one department or agency of the City to other departments or agencies on a cost-reimbursement basis.

Central Services - For the provision of printing, duplicating, messenger and postal services.

Building Maintenance - For the provision of building maintenance, janitorial services and utilities to the City departments.

Equipment Maintenance and Replacement - For the provision of maintenance on, materials and supplies for, and replacement of, City vehicles and other gasoline or diesel-powered equipment.

Stores & Property Control - For the maintenance of a warehouse inventory of materials and supplies for all City departments.

Self-Insurance Fund - For the administration of the City's self-insurance programs and the payment of health and dental benefits, City's workers' compensation and payment of liability claims.

Information and Communications Services - For the design, installation and maintenance of all data networking, voice, radio, and facsimile services of the City's operating departments.

City Yard Operations - For the maintenance and security services at the City's Corporate Yard and Fleet Maintenance Facility.

Engineering and Administrative Services - For the provision of engineering, design, project management, and construction inspection services for public facilities and infrastructure, and the development and administration of transportation policy and the City's capital improvement program.

Quality Service Training - For the provision of training and support services, through the use and application of total quality improvement tools, for the continuous improvement of City services.

Internal Service Funds
Combining Statement of Net Position
June 30, 2015

	Central Services	Building Maintenance
Assets:		
Current assets:		
Cash and investments	\$ 722,133	\$ 2,833,292
Receivables:		
Interest	971	-
Intergovernmental	-	-
Due from other funds	-	-
Inventory of supplies	16,009	-
Total current assets	<u>739,113</u>	<u>2,833,292</u>
Noncurrent assets:		
Advances to other funds	-	-
Restricted cash and investments	-	-
Capital assets:		
Improvements other than buildings	-	602,886
Equipment	259,651	21,104
Construction work in progress	-	-
Computer software	-	-
Less accumulated depreciation	(231,098)	(623,990)
Total capital assets (net of accumulated depreciation)	<u>28,553</u>	<u>-</u>
Total noncurrent assets	<u>28,553</u>	<u>-</u>
Total assets	<u>767,666</u>	<u>2,833,292</u>
Deferred outflows of resources:		
Pension contributions subsequent to measurement date	33,668	237,399
Total deferred outflows of resources	<u>33,668</u>	<u>237,399</u>
Liabilities:		
Current liabilities:		
Accounts payable	55,926	274,265
Compensated absences payable (current portion)	9,081	41,100
Claims payable (current portion)	-	-
Total current liabilities	<u>65,007</u>	<u>315,365</u>
Noncurrent liabilities:		
Compensated absences payable (net of current portion)	27,244	123,301
Claims payable (net of current portion)	-	-
Postemployment benefits obligation	39,515	220,311
Net pension liability	451,611	3,184,152
Total noncurrent liabilities	<u>518,370</u>	<u>3,527,764</u>
Total liabilities	<u>583,377</u>	<u>3,843,129</u>
Deferred inflows of resources:		
Net differences between projected and actual earnings on pension plan investments	91,025	641,772
Net position:		
Net investment in capital assets	28,553	-
Unrestricted	98,379	(1,414,210)
Total net position (deficit)	<u>\$ 126,932</u>	<u>\$ (1,414,210)</u>

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 5,775,199	\$ 817,560	\$ 49,960,079	\$ 10,472,352	\$ 138,575	\$ 2,024,934
8,242	877	79,170	17,188	165	3,541
-	-	496,873	-	-	-
-	-	547,967	-	-	-
111,322	631,829	-	-	-	-
<u>5,894,763</u>	<u>1,450,266</u>	<u>51,084,089</u>	<u>10,489,540</u>	<u>138,740</u>	<u>2,028,475</u>
-	-	2,920,000	-	-	-
-	-	253,939	-	-	-
-	-	-	-	256,131	-
18,397,363	-	15,754	2,788,607	68,201	320,829
-	-	-	113,348	-	-
-	-	-	6,244,193	-	-
(16,301,635)	-	(15,754)	(4,442,359)	(143,439)	(258,535)
<u>2,095,728</u>	<u>-</u>	<u>-</u>	<u>4,703,789</u>	<u>180,893</u>	<u>62,294</u>
<u>2,095,728</u>	<u>-</u>	<u>3,173,939</u>	<u>4,703,789</u>	<u>180,893</u>	<u>62,294</u>
<u>7,990,491</u>	<u>1,450,266</u>	<u>54,258,028</u>	<u>15,193,329</u>	<u>319,633</u>	<u>2,090,769</u>
<u>445,476</u>	<u>29,320</u>	<u>381,380</u>	<u>415,557</u>	<u>4,026</u>	<u>1,046,426</u>
<u>445,476</u>	<u>29,320</u>	<u>381,380</u>	<u>415,557</u>	<u>4,026</u>	<u>1,046,426</u>
250,865	983,931	241,774	465,510	10,412	59,007
123,673	2,538	74,282	80,235	-	183,321
-	-	6,339,293	-	-	-
<u>374,538</u>	<u>986,469</u>	<u>6,655,349</u>	<u>545,745</u>	<u>10,412</u>	<u>242,328</u>
371,019	7,615	222,845	240,705	-	549,963
-	-	25,423,527	-	-	-
495,376	9,406	171,077	306,699	364	1,441,281
5,975,078	393,207	7,156,436	5,573,565	54,000	14,035,057
<u>6,841,473</u>	<u>410,228</u>	<u>32,973,885</u>	<u>6,120,969</u>	<u>54,364</u>	<u>16,026,301</u>
<u>7,216,011</u>	<u>1,396,697</u>	<u>39,629,234</u>	<u>6,666,714</u>	<u>64,776</u>	<u>16,268,629</u>
<u>1,204,316</u>	<u>79,258</u>	<u>1,022,888</u>	<u>1,123,402</u>	<u>10,879</u>	<u>2,828,831</u>
2,095,728	-	-	4,703,789	180,893	62,294
(2,080,088)	3,631	13,987,286	3,114,981	67,111	(16,022,559)
<u>\$ 15,640</u>	<u>\$ 3,631</u>	<u>\$ 13,987,286</u>	<u>\$ 7,818,770</u>	<u>\$ 248,004</u>	<u>\$ (15,960,265)</u>

Continued

Internal Service Funds
Combining Statement of Net Position
June 30, 2015

	Quality Service Training	Total
Assets:		
Current assets:		
Cash and investments	\$ 406,041	\$ 73,150,165
Receivables:		
Interest	641	110,795
Intergovernmental	-	496,873
Due from other funds	-	547,967
Inventory of supplies	-	759,160
Total current assets	<u>406,682</u>	<u>75,064,960</u>
Noncurrent assets:		
Advances to other funds	-	2,920,000
Restricted cash and investments	-	253,939
Capital assets:		
Improvements other than buildings	-	859,017
Equipment	-	21,871,509
Construction work in progress	-	113,348
Computer software	-	6,244,193
Less accumulated depreciation	-	(22,016,810)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>7,071,257</u>
Total noncurrent assets	<u>-</u>	<u>10,245,196</u>
Total assets	<u>406,682</u>	<u>85,310,156</u>
Deferred outflows of resources:		
Pension contributions subsequent to measurement date	-	2,593,252
	<u>-</u>	<u>2,593,252</u>
Liabilities:		
Current liabilities:		
Accounts payable	-	2,341,690
Compensated absences payable (current portion)	-	514,230
Claims payable (current portion)	-	6,339,293
Total current liabilities	<u>-</u>	<u>9,195,213</u>
Noncurrent liabilities:		
Compensated absences payable (net of current portion)	-	1,542,692
Claims payable (net of current portion)	-	25,423,527
Postemployment benefits obligation	-	2,684,029
Net pension liability	-	36,823,106
Total noncurrent liabilities	<u>-</u>	<u>66,473,354</u>
Total liabilities	<u>-</u>	<u>75,668,567</u>
Deferred inflows of resources:		
Net differences between projected and actual earnings on pension plan investments	-	7,002,371
Net position:		
Net investment in capital assets	-	7,071,257
Unrestricted	406,682	(1,838,787)
Total net position (deficit)	<u>\$ 406,682</u>	<u>\$ 5,232,470</u>



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Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2015

	Central Services	Building Maintenance
Operating revenues:		
Charges for services	\$ 1,038,705	\$ 3,171,619
Miscellaneous	-	-
Total operating revenues	<u>1,038,705</u>	<u>3,171,619</u>
Operating expenses:		
Cost of goods sold	-	-
Personnel services	217,618	1,473,649
Contractual services	453,246	1,706,225
Materials and supplies	282,575	330,889
Administrative charges	124,683	200,658
Insurance	-	-
Provision for self-insured losses	-	-
Depreciation	3,349	-
Total operating expenses	<u>1,081,471</u>	<u>3,711,421</u>
Operating income (loss)	<u>(42,766)</u>	<u>(539,802)</u>
Nonoperating revenues (expenses):		
Investment earnings	4,618	-
Gain (loss) on disposal of capital assets	(3,040)	-
Total nonoperating revenues	<u>1,578</u>	<u>-</u>
Income (loss) before transfers	(41,188)	(539,802)
Transfers in	-	-
Transfers out	-	(51,362)
Change in net position	<u>(41,188)</u>	<u>(591,164)</u>
Net position (deficit) - beginning	681,282	2,795,061
Reduction in net position to record beginning net pension liability	<u>(513,162)</u>	<u>(3,618,107)</u>
Net position - beginning, as restated	<u>168,120</u>	<u>(823,046)</u>
Net position (deficit) - ending	<u>\$ 126,932</u>	<u>\$ (1,414,210)</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
\$ 3,975,379	\$ 2,328,483	\$ 30,459,171	\$ 6,761,606	\$ 610,183	\$ 9,050,072
54,203	181,473	658,245	-	296	100,778
4,029,582	2,509,956	31,117,416	6,761,606	610,479	9,150,850
6,510	1,563,211	-	-	-	-
2,592,145	213,000	-	2,508,999	66,829	5,763,354
375,830	27,082	-	4,348,371	268,239	573,197
568,921	982,610	-	553,275	29,665	201,532
527,125	89,832	5,605,433	441,361	377,080	2,389,634
-	-	18,782,438	-	-	-
-	-	11,096,157	-	-	-
995,776	-	-	798,681	6,403	25,069
5,066,307	2,875,735	35,484,028	8,650,687	748,216	8,952,786
(1,036,725)	(365,779)	(4,366,612)	(1,889,081)	(137,737)	198,064
37,057	2,043	415,398	77,363	810	15,180
119,710	-	-	(2,001)	-	-
156,767	2,043	415,398	75,362	810	15,180
(879,958)	(363,736)	(3,951,214)	(1,813,719)	(136,927)	213,244
-	-	-	-	134,500	10,325
(6,879)	-	-	-	-	(212,558)
(886,837)	(363,736)	(3,951,214)	(1,813,719)	(2,427)	11,011
7,691,895	814,168	25,691,881	15,965,671	311,790	(23,392)
(6,789,418)	(446,801)	(7,753,381)	(6,333,182)	(61,359)	(15,947,884)
902,477	367,367	17,938,500	9,632,489	250,431	(15,971,276)
\$ 15,640	\$ 3,631	\$ 13,987,286	\$ 7,818,770	\$ 248,004	\$ (15,960,265)

Continued

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2015

	Quality Service Training	Total
Operating revenues:		
Charges for services	\$ -	\$ 57,395,218
Miscellaneous	-	994,995
Total operating revenues	-	58,390,213
Operating expenses:		
Cost of goods sold	-	1,569,721
Personnel services	-	12,835,594
Contractual services	-	7,752,190
Materials and supplies	-	2,949,467
Administrative charges	-	9,755,806
Insurance	-	18,782,438
Provision for self-insured losses	-	11,096,157
Depreciation	-	1,829,278
Total operating expenses	-	66,570,651
Operating income (loss)	-	(8,180,438)
Nonoperating revenues (expenses):		
Investment earnings	2,874	555,343
Gain (loss) on disposal of capital assets	-	114,669
Total nonoperating revenues (expenses)	2,874	670,012
Income (loss) before transfers	2,874	(7,510,426)
Transfers in	-	144,825
Transfers out	-	(270,799)
Change in net position	2,874	(7,636,400)
Net position (deficit) - beginning	403,808	54,332,164
Reduction in net position to record beginning net pension liability	-	(41,463,294)
Net position - beginning, as restated	403,808	12,868,870
Net position (deficit) - ending	\$ 406,682	\$ 5,232,470



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2015

	Central Services	Building Maintenance
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 1,038,705	\$ 3,171,619
Receipts from other operating sources	-	-
Payments to suppliers for goods and services	(712,303)	(1,887,272)
Payments for interfund services used	(124,683)	(200,658)
Payments to employees	(212,933)	(1,504,656)
Net cash provided (used) by operating activities	<u>(11,214)</u>	<u>(420,967)</u>
Cash flows from noncapital financing activities:		
Transfers in	-	-
Transfers out	-	(51,362)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(51,362)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(16,647)	-
Proceeds from sale of capital assets	-	-
Net cash used for capital and related financing activities	<u>(16,647)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	4,353	-
Increase in the fair value of investment	-	-
Net cash provided by investing activities	<u>4,353</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(23,508)	(472,329)
Cash and cash equivalents - beginning	745,641	3,305,621
Cash and cash equivalents - ending (Includes restricted cash and investments)	<u>722,133</u>	<u>2,833,292</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(42,766)	(539,802)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	3,349	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	-
Decrease (increase) in inventory of supplies	2,455	-
Increase (decrease) in accounts payable	21,063	149,842
Increase (decrease) in compensated absences payable	11,183	(2,355)
Increase (decrease) in claims payable	-	-
Increase (decrease) in postemployment benefits obligation	(2,304)	930
Increase (decrease) in net pension liability	(4,194)	(29,582)
Net cash provided (used) by operating activities	<u>(11,214)</u>	<u>(420,967)</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	\$ -	\$ -

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 3,975,379	\$ 2,328,483	\$ 30,459,171	\$ 6,761,606	\$ 610,183	\$ 9,160,850
75,253	220,413	658,245	-	296	-
(1,058,352)	(1,707,911)	(25,696,290)	(4,736,784)	(320,659)	(3,188,815)
(527,125)	(89,832)	-	(441,361)	(377,080)	-
(2,618,146)	(209,984)	(5,767,257)	(2,682,300)	(67,627)	(5,803,029)
(152,991)	541,169	(346,131)	(1,098,839)	(154,887)	169,006
-	-	-	-	134,500	10,325
(6,879)	-	-	-	-	(212,558)
(6,879)	-	-	-	134,500	(202,233)
(717,175)	-	-	(135,750)	-	(32,636)
263,052	-	-	-	-	-
(454,123)	-	-	(135,750)	-	(32,636)
34,476	2,205	327,639	72,397	784	13,996
-	-	57,534	-	-	-
34,476	2,205	385,173	72,397	784	13,996
(579,517)	543,374	39,042	(1,162,192)	(19,603)	(51,867)
6,354,716	274,186	50,174,976	11,634,544	158,178	2,076,801
5,775,199	817,560	50,214,018	10,472,352	138,575	2,024,934
(1,036,725)	(365,779)	(4,366,612)	(1,889,081)	(137,737)	198,064
995,776	-	-	798,681	6,403	25,069
21,050	38,940	167,556	-	-	10,000
(76,058)	(23,282)	-	-	-	-
(31,033)	888,274	113,473	164,862	(22,755)	(24,452)
20,079	3,953	(1,208)	(81,624)	-	107,430
-	-	3,901,276	-	-	-
9,420	2,719	(205,180)	(39,905)	(292)	(16,683)
(55,500)	(3,656)	44,564	(51,772)	(506)	(130,422)
(152,991)	541,169	(346,131)	(1,098,839)	(154,887)	169,006
\$ -	\$ -	\$ 57,534	\$ -	\$ -	\$ -

Continued

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2015

	Quality Service Training	Total
Cash flows from operating activities:		
Receipts from interfund services provided	\$ -	\$ 57,505,996
Receipts from other operating sources	-	954,207
Payments to suppliers for goods and services	-	(39,308,386)
Payments for interfund services used	-	(1,760,739)
Payments to employees	-	(18,865,932)
Net cash provided (used) by operating activities	-	(1,474,854)
Cash flows from noncapital financing activities:		
Transfers in	-	144,825
Transfers out	-	(270,799)
Net cash provided (used) by noncapital financing activities	-	(125,974)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(902,208)
Proceeds from sale of capital assets	-	263,052
Net cash used for capital and related financing activities	-	(639,156)
Cash flows from investing activities:		
Interest received	2,645	458,495
Increase in the fair value of investment	-	57,534
Net cash provided by investing activities	2,645	516,029
Net increase (decrease) in cash and cash equivalents	2,645	(1,723,955)
Cash and cash equivalents - beginning	403,396	75,128,059
Cash and cash equivalents - ending (Includes restricted cash and investments)	406,041	73,404,104
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	-	(8,180,438)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	-	1,829,278
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	237,546
Decrease (increase) in inventory of supplies	-	(96,885)
Increase (decrease) in accounts payable	-	1,259,274
Increase (decrease) in compensated absences payable	-	57,458
Increase (decrease) in claims payable	-	3,901,276
Increase (decrease) in postemployment benefits obligation	-	(251,295)
Increase (decrease) in net pension liability	-	(231,068)
Net cash provided (used) by operating activities	-	(1,474,854)
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	\$ -	\$ 57,534

Agency Funds

Agency Funds are used to account for money and property held by the City as trustee or custodian. Agency Funds include the following:

Payroll - For the disposition of funds charged to departments for the payment of wages and retirement benefits to City employees.

Treasurer's Trust – For deposits made by developer, governmental agencies and others for disposition under the terms of the agreements for which deposits were made.

Retirees Health Insurance Subsidy – For the disposition of funds charged to departments for the payment of retirees health insurance under the terms of the Memorandum of Understanding between the City of Santa Ana and different represented employees unions.

Housing Rehabilitation Loan Program – For the disposition of the assets deposited for and the liabilities of the City's housing rehabilitation loan program.

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

Transportation System Improvement Authority (TSIA) Santa Ana – Tustin – For the receipt and disbursement of funds under the terms of the joint exercise of powers agreement between the City of Santa Ana and the City of Tustin.

School Districts' Trust – For the receipt of State funds for the Santa Ana Unified School District and disbursements thereof, under the terms of the agreement between the City of Santa Ana, the Community Redevelopment Agency of the City of Santa Ana, and the Santa Ana Unified School District. For the receipt of tax increment pass-throughs allocated to Rancho Santiago College and disbursements thereof, under the terms of the agreement between the Community Redevelopment Agency of the City of Santa Ana and Rancho Santiago College.

Agency Funds
Combining Statement of Fiduciary Net Position
June 30, 2015

	<u>Payroll</u>	<u>Treasurer's Trust</u>	<u>Retirees Health Insurance Subsidy</u>
Assets			
Cash and investments	\$ 6,887,494	\$ 4,366,940	\$ 1,603,570
Receivables:			
Loans and notes	-	-	-
Interest	206	443	2,552
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 6,887,700</u>	<u>\$ 4,367,383</u>	<u>\$ 1,606,122</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Notes payable	-	-	-
Due to City employees	1,185,686	-	1,606,122
Due to governmental agencies	5,702,014	4,367,383	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 6,887,700</u>	<u>\$ 4,367,383</u>	<u>\$ 1,606,122</u>

AGENCY FUNDS

Housing Rehabilitation Loan Program	Transportation Corridor	TSIA Santa Ana- Tustin	School Districts' Trust	Total
\$ -	\$ 697	\$ 8,764,192	\$ 858	\$ 21,623,751
234,333	-	-	-	234,333
-	-	13,867	-	17,068
\$ 234,333	\$ 697	\$ 8,778,059	\$ 858	\$ 21,875,152
\$ -	\$ 697	\$ 239,122	\$ -	\$ 239,819
234,333	-	-	-	234,333
-	-	-	-	2,791,808
-	-	8,538,937	858	18,609,192
\$ 234,333	\$ 697	\$ 8,778,059	\$ 858	\$ 21,875,152

Agency Funds
Combining Statement of Changes in Fiduciary Assets and Liabilities
Year ended June 30, 2015

	Balance June 30,2014	Additions	Deductions	Balance June 30,2015
PAYROLL FUND				
Assets				
Cash and investments	\$ 8,205,493	\$ 133,792,815	\$ 135,110,814	\$ 6,887,494
Interest receivable	127	206	127	206
Total assets	<u>\$ 8,205,620</u>	<u>\$ 133,793,021</u>	<u>\$ 135,110,941</u>	<u>\$ 6,887,700</u>
Liabilities				
Due to City employees	\$ 2,245,085	\$ 103,169,567	\$ 104,228,966	\$ 1,185,686
Due to governmental agencies	5,960,535	30,623,454	30,881,975	5,702,014
Total liabilities	<u>\$ 8,205,620</u>	<u>\$ 133,793,021</u>	<u>\$ 135,110,941</u>	<u>\$ 6,887,700</u>
TREASURER'S TRUST FUND				
Assets				
Cash and investments	\$ 4,336,975	\$ 3,347,611	\$ 3,317,646	\$ 4,366,940
Interest receivable	356	443	356	443
Total assets	<u>\$ 4,337,331</u>	<u>\$ 3,348,054</u>	<u>\$ 3,318,002</u>	<u>\$ 4,367,383</u>
Liabilities				
Due to governmental agencies	\$ 4,337,331	\$ 3,348,054	\$ 3,318,002	\$ 4,367,383
Total liabilities	<u>\$ 4,337,331</u>	<u>\$ 3,348,054</u>	<u>\$ 3,318,002</u>	<u>\$ 4,367,383</u>
RETIRES HEALTH INSURANCE SUBSIDY				
Assets				
Cash and investments	\$ 1,583,062	\$ 1,020,711	\$ 1,000,203	\$ 1,603,570
Interest receivable	1,616	2,552	1,616	2,552
Total assets	<u>\$ 1,584,678</u>	<u>\$ 1,023,263</u>	<u>\$ 1,001,819</u>	<u>\$ 1,606,122</u>
Liabilities				
Due to city employees	\$ 1,584,678	\$ 1,023,263	\$ 1,001,819	\$ 1,606,122
Total liabilities	<u>\$ 1,584,678</u>	<u>\$ 1,023,263</u>	<u>\$ 1,001,819</u>	<u>\$ 1,606,122</u>

	Balance June 30,2014	Additions	Deductions	Balance June 30,2015
HOUSING REHABILITATION LOAN PROGRAM				
Assets				
Notes receivables	\$ 234,333	\$ 13,613	\$ 13,613	\$ 234,333
Total assets	<u>\$ 234,333</u>	<u>\$ 13,613</u>	<u>\$ 13,613</u>	<u>\$ 234,333</u>
Liabilities				
Notes payable	\$ 234,333	\$ 13,613	\$ 13,613	\$ 234,333
Total liabilities	<u>\$ 234,333</u>	<u>\$ 13,613</u>	<u>\$ 13,613</u>	<u>\$ 234,333</u>
TRANSPORTATION CORRIDOR FUND				
Assets				
Cash and investments	\$ -	\$ 18,545	\$ 17,848	\$ 697
Total assets	<u>\$ -</u>	<u>\$ 18,545</u>	<u>\$ 17,848</u>	<u>\$ 697</u>
Liabilities				
Accounts payable	\$ -	\$ 18,545	\$ 17,848	\$ 697
Total liabilities	<u>\$ -</u>	<u>\$ 18,545</u>	<u>\$ 17,848</u>	<u>\$ 697</u>
TRANSPORTATION SYSTEM IMPROVEMENT AUTHORITY SANTA-ANA - TUSTIN				
Assets				
Cash and investments	\$ 6,172,611	\$ 3,077,355	\$ 485,774	\$ 8,764,192
Interest receivable	5,703	13,867	5,703	13,867
Total assets	<u>\$ 6,178,314</u>	<u>\$ 3,091,222</u>	<u>\$ 491,477</u>	<u>\$ 8,778,059</u>
Liabilities				
Accounts payable	\$ 11	\$ 239,122	\$ 11	\$ 239,122
Due to governmental agencies	6,178,303	2,852,100	491,466	8,538,937
Total liabilities	<u>\$ 6,178,314</u>	<u>\$ 3,091,222</u>	<u>\$ 491,477</u>	<u>\$ 8,778,059</u>

(Continued)

Agency Funds
Combining Statement of Changes in Fiduciary Assets and Liabilities
Year ended June 30, 2015

	Balance June 30,2014	Additions	Deductions	Balance June 30,2015
SCHOOL DISTRICTS'				
TRUST FUND				
Assets				
Cash and investments	\$ 858	\$ -	\$ -	\$ 858
Total assets	<u>\$ 858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 858</u>
Liabilities				
Due to governmental agencies	\$ 858	\$ -	\$ -	\$ 858
Total liabilities	<u>\$ 858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 858</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 20,298,999	\$ 141,257,037	\$ 139,932,285	\$ 21,623,751
Receivables:				
Loans and notes	234,333	13,613	13,613	234,333
Interest	7,802	17,068	7,802	17,068
Total assets	<u>\$ 20,541,134</u>	<u>\$ 141,287,718</u>	<u>\$ 139,953,700</u>	<u>\$ 21,875,152</u>
Liabilities				
Accounts payable	\$ 11	\$ 257,667	\$ 17,859	\$ 239,819
Notes payable	234,333	13,613	13,613	234,333
Due to City employees	3,829,763	104,192,830	105,230,785	2,791,808
Due to governmental agencies	16,477,027	36,823,608	34,691,443	18,609,192
Total liabilities	<u>\$ 20,541,134</u>	<u>\$ 141,287,718</u>	<u>\$ 139,953,700</u>	<u>\$ 21,875,152</u>

CITY OF SANTA ANA, CALIFORNIA

Statistical Section



STATISTICAL SECTION

This part of the City of Santa Ana's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. (Schedules 1 - 4)</i>	189
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. (Schedules 5 - 12)</i>	201
Debt Capacity <i>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. (Schedules 13 - 16)</i>	215
Demographic and Economic Information <i>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)</i>	221
Operating Information <i>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. (Schedules 18 - 21)</i>	222

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

	Fiscal Year			
	2015	2014**	2013*	2012
Governmental Activities:				
Net investment in capital assets	\$ 807,136	\$ 797,222	\$ 800,141	\$ 787,634
Restricted	238,034	227,514	204,518	236,683
Unrestricted	(378,741)	71,741	54,989	23,756
Total governmental activities net position	\$ <u>666,429</u>	\$ <u>1,096,477</u>	\$ <u>1,059,648</u>	\$ <u>1,048,073</u>
Business-type activities:				
Net investment in capital assets	\$ 94,756	\$ 92,652	\$ 90,055	\$ 89,780
Restricted	2,867	4,033	3,315	2,322
Unrestricted	33,018	53,819	44,636	35,758
Total business-type activities net position	\$ <u>130,641</u>	\$ <u>150,504</u>	\$ <u>138,006</u>	\$ <u>127,860</u>
Primary government:				
Net investment in capital assets	\$ 901,892	\$ 889,874	\$ 890,196	\$ 877,414
Restricted	240,901	231,547	207,833	239,005
Unrestricted	(345,723)	125,560	99,625	59,514
Total primary government net position	\$ <u>797,070</u>	\$ <u>1,246,981</u>	\$ <u>1,197,654</u>	\$ <u>1,175,933</u>

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

**The 2014 net position was restated to implement GASB 68 and 71. See Note 1E.

Source: City of Santa Ana 2006 - 2015 CAFRS

SCHEDULE 1

Fiscal Year						
2011	2010	2009	2008	2007	2006	
\$ 767,746	\$ 723,057	\$ 684,618	\$ 650,254	\$ 700,479	\$ 658,414	
146,268	156,629	182,938	185,518	117,988	164,332	
26,574	15,155	5,165	(6,279)	(24,752)	(122,359)	
<u>\$ 940,588</u>	<u>\$ 894,841</u>	<u>\$ 872,721</u>	<u>\$ 829,493</u>	<u>\$ 793,715</u>	<u>\$ 700,387</u>	
\$ 87,551	\$ 84,088	\$ 83,163	\$ 79,764	\$ 69,748	\$ 39,031	
1,186	956	7,014	4,111	2,846	9,579	
35,705	34,201	24,745	20,385	28,270	15,774	
<u>\$ 124,442</u>	<u>\$ 119,245</u>	<u>\$ 114,922</u>	<u>\$ 104,260</u>	<u>\$ 100,864</u>	<u>\$ 64,384</u>	
\$ 855,297	\$ 807,145	\$ 767,781	\$ 730,018	\$ 770,227	\$ 727,445	
147,454	157,585	189,952	189,629	120,834	173,911	
62,279	49,356	29,910	14,106	3,518	(106,585)	
<u>\$ 1,065,030</u>	<u>\$ 1,014,086</u>	<u>\$ 987,643</u>	<u>\$ 933,753</u>	<u>\$ 894,579</u>	<u>\$ 794,771</u>	

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

	Fiscal Year					Page 1 of 6
	2015	2014	2013	2012	2011	
Expenses:						
Governmental activities:						
General government (1)	\$ 15,702	\$ 16,244	\$ 14,628	\$ 11,364	\$ 12,333	
Cultural recreation and community services (2)	27,408	30,613	26,994	23,902	24,084	
Public safety (3) (5)	166,410	160,153	155,444	139,514	174,524	
Developmental services (4)	30,548	28,567	30,526	26,148	31,073	
Community development	44,604	55,537	55,016	77,219	58,735	
Pass-through payments to districts and other agencies	-	-	915	3,393	12,760	
County administrative charge	-	-	-	1,547	525	
Interest on long-term debt	7,576	8,080	7,027	8,669	14,664	
Total governmental activities expenses	<u>\$ 292,248</u>	<u>\$ 299,194</u>	<u>\$ 290,550</u>	<u>\$ 291,756</u>	<u>\$ 328,698</u>	
Business-type activities:						
Water	\$ 45,217	\$ 44,912	\$ 44,528	\$ 49,271	\$ 45,674	
Parking	2,852	2,795	2,756	2,963	2,631	
Refuse collections	15,946	15,948	16,122	16,024	15,339	
Transportation center	1,187	1,267	1,317	1,280	1,313	
Sewer	4,627	4,761	4,351	4,268	3,462	
Sanitation	7,256	7,616	7,913	8,417	8,403	
Federal clean water protection	2,033	2,125	1,780	1,637	2,359	
Total business-type expenses	<u>79,118</u>	<u>79,424</u>	<u>78,766</u>	<u>83,860</u>	<u>79,181</u>	
Total primary government expenses	<u>\$ 371,366</u>	<u>\$ 378,618</u>	<u>\$ 369,317</u>	<u>\$ 375,616</u>	<u>\$ 407,879</u>	

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

1. Includes Human Resources and Finance

2. Includes Museum and Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

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

Source: City of Santa Ana 2006 - 2015 CAFRS

SCHEDULE 2

					Page 2 of 6
Fiscal Year					
2010	2009	2008	2007	2006	
\$ 15,227	\$ 20,456	\$ 6,912	\$ 26,370	\$ 16,137	
25,528	27,937	24,057	28,956	23,406	
183,885	175,036	157,792	151,581	135,530	
30,338	29,849	44,289	29,698	16,735	
68,150	53,598	58,798	56,286	70,235	
28,093 *	10,399 *	9,341 *	8,786 *	9,238 *	
486 *	391 *	287 *	208 *	227 *	
<u>16,828</u>	<u>16,580</u>	<u>16,585</u>	<u>12,420</u>	<u>13,918</u>	
\$ <u>368,535</u>	\$ <u>334,246</u>	\$ <u>318,061</u>	\$ <u>314,305</u>	\$ <u>285,426</u>	
\$ 45,727	\$ 41,910	\$ 41,289	\$ 39,184	\$ 34,609	
2,824	2,767	2,973	2,898	2,949	
16,716	13,205	13,345	12,978	13,316	
1,423	1,422	1,282	1,303	1,342	
3,485	3,140	3,313	3,084	2,818	
8,072	7,781	7,641	7,252	8,212	
2,210	2,217	2,585	2,798	1,944	
<u>80,457</u>	<u>72,442</u>	<u>72,428</u>	<u>69,497</u>	<u>65,190</u>	
\$ <u><u>448,992</u></u>	\$ <u><u>406,688</u></u>	\$ <u><u>390,489</u></u>	\$ <u><u>383,802</u></u>	\$ <u><u>350,616</u></u>	

Continued

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

	Fiscal Year					Page 3 of 6
	2015	2014	2013	2012	2011	
Program revenues:						
Governmental activities:						
Charges for services:						
General government (1)	\$ 5,267	\$ 4,307	\$ 4,322	\$ 5,687	\$ 5,912	
Cultural recreation and community services (2)	3,411	4,302	3,311	3,088	2,595	
Public safety (3) (5)	22,962	25,498	25,652	27,554	29,171	
Developmental services (4)	16,651	16,239	16,752	18,633	17,186	
Community development	3,268	5,433	1,447	28,003	4,688	
Operating grants and contributions	64,711	77,494	64,700	75,051	87,080	
Capital grants and contributions	25,624	36,252	29,214	37,001	32,910	
Total governmental activities program revenues	\$ 141,894	\$ 169,525	\$ 145,398	\$ 195,017	\$ 179,542	
Business-type activities:						
Charges for services:						
Water	\$ 45,812	\$ 52,856	\$ 51,339	\$ 49,482	\$ 47,783	
Parking	5,306	4,771	4,744	4,445	3,733	
Refuse collections	17,270	17,062	16,650	16,261	16,218	
Transportation center	757	754	869	789	970	
Sewer	4,756	5,017	4,939	4,783	4,679	
Sanitation	8,045	7,934	7,931	7,967	8,002	
Federal clean water protection	2,862	2,868	2,740	2,733	2,552	
Operating grants and contributions	77	92	22	666	295	
Capital grants and contributions	-	-	-	-	-	
Total business-type activities Program revenues	84,885	91,354	89,234	87,126	84,232	
Total primary government Program revenues	\$ 226,779	\$ 260,879	\$ 234,632	\$ 282,143	\$ 263,774	
Net (expense) revenue						
Governmental activities	(150,354)	(129,669)	(145,152)	(96,739)	(149,156)	
Business-type activities	5,767	11,930	10,468	3,266	5,051	
Total primary government net (expense) revenue	\$ (144,587)	\$ (117,739)	\$ (134,685)	\$ (93,473)	\$ (144,105)	

SCHEDULE 2

					Page 4 of 6
Fiscal Year					
2010	2009	2008	2007	2006	
\$ 4,659	\$ 5,482	\$ 4,076	\$ 3,857	\$ 4,673	
3,231	2,598	1,569	2,649	5,515	
25,370	20,844	17,642	17,959	19,486	
15,707	13,833	10,591	12,214	11,299	
6,321	8,694	418	1,733	3,867	
99,887	72,232	61,202	71,352	62,431	
<u>37,218</u>	<u>38,694</u>	<u>37,448</u>	<u>54,166</u>	<u>27,749</u>	
\$ 192,393	\$ 162,377	\$ 132,946	\$ 163,930	\$ 135,020	
\$ 48,782	\$ 47,338	\$ 42,574	\$ 42,233	\$ 38,401	
4,287	4,274	3,757	4,105	3,639	
14,988	8,615	8,111	7,877	7,647	
1,233	1,026	850	724	905	
4,816	4,522	3,610	3,422	2,684	
7,946	8,091	7,831	7,922	7,948	
2,474	2,384	2,340	2,389	2,725	
-	6,442	6,185	6,082	6,225	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>84,526</u>	<u>82,692</u>	<u>75,258</u>	<u>74,754</u>	<u>70,174</u>	
\$ <u>276,919</u>	\$ <u>245,069</u>	\$ <u>208,204</u>	\$ <u>238,684</u>	\$ <u>205,194</u>	
(176,142)	(171,869)	(185,115)	(150,375)	(150,406)	
<u>4,069</u>	<u>10,250</u>	<u>2,830</u>	<u>5,257</u>	<u>4,984</u>	
\$ <u>(172,073)</u>	\$ <u>(161,619)</u>	\$ <u>(182,285)</u>	\$ <u>(145,118)</u>	\$ <u>(145,422)</u>	

Continued

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Page 5 of 6					
General revenues and other changes in net position					
Governmental activities:					
Net program revenue (expense):					
General government (1)	\$ (9,710)	\$ (11,480)	\$ (8,544)	\$ (5,677)	\$ (6,421)
Cultural recreation and community services (2)	(19,106)	(17,080)	(19,364)	(17,943)	(15,937)
Public safety (3) (5)	(134,780)	(122,434)	(116,788)	(93,460)	(129,423)
Developmental services (4)	18,944	30,426	14,699	31,379	27,685
Community development	1,874	(1,021)	(7,213)	2,572	2,889
Pass-through payments to districts and other agencies	-	-	(915)	(3,393)	(12,760)
County administrative charge	-	-	-	(1,547)	(525)
Interest on long-term debt	(7,576)	(8,080)	(7,027)	(8,669)	(14,664)
General revenues:					
Property taxes	72,750	66,098	62,347	87,189	103,610
Sales Taxes	- **	44,367	40,978	38,744	37,409
Hotels visitors' taxes	8,983	8,519	7,490	7,024	5,970
Utility users taxes	24,919	25,035	24,415	24,367	25,328
Business taxes	11,343	11,201	10,671	10,317	10,380
Franchise taxes	8,316	7,984	9,001	7,460	7,562
Other taxes	997	1,169	962	1,401	1,176
Intergovernmental, unrestricted	48,170	521	833	466	1,934
Investment income	1,265	1,598	(1,292)	951	869
Other revenues	576	6	617	863	665
Transfers	56	-	-	-	-
Extraordinary gain	-	-	705	25,440	-
Total Governmental activities	<u>27,021</u>	<u>36,829</u>	<u>11,575</u>	<u>107,485</u>	<u>45,747</u>
Business-type activities:					
Water	596	7,944	6,811	601	2,195
Parking	2,453	1,976	1,988	1,483	1,102
Refuse collections	1,401	1,206	551	513	1,089
Transportation center	(430)	(513)	(448)	(491)	(344)
Sewer	128	256	588	514	1,217
Sanitation	789	318	18	(450)	(401)
Federal clean water protection	829	743	960	1,096	193
General revenues:					
Investment income	361	568	(322)	152	146
Transfers	(56)	-	-	-	-
Total business-type activities	<u>6,071</u>	<u>12,498</u>	<u>10,146</u>	<u>3,418</u>	<u>5,197</u>
Total primary government	<u>33,092</u>	<u>49,327</u>	<u>21,721</u>	<u>110,903</u>	<u>50,944</u>
Changes in net position					
Governmental activities	27,021	36,829	11,575	107,485	45,747
Business-type activities	6,071	12,498	10,146	3,418	5,197
Total primary government	<u>\$ 33,092</u>	<u>\$ 49,327</u>	<u>\$ 21,721</u>	<u>\$ 110,903</u>	<u>\$ 50,944</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

					Page 6 of 6
Fiscal Year					
2010	2009	2008	2007	2006	
\$ (7,033)	\$ (10,791)	\$ (1,801)	\$ (20,737)	\$ (11,086)	
(12,613)	(19,708)	(15,476)	(21,398)	(11,366)	
(137,118)	(137,103)	(133,106)	(116,787)	(103,069)	
27,200	22,104	3,717	36,457	19,210	
(1,170)	999	(12,019)	(6,309)	(20,713)	
(28,093)	(10,399)	(9,341)	(8,786)	(9,238)	
(486)	(391)	(287)	(208)	(227)	
(16,828)	(16,580)	(16,585)	(12,420)	(139,189)	
108,001 *	117,756 *	112,967	103,306 *	92,089 *	
34,496	39,699	46,421 *	46,770	45,094	
5,650	6,149	7,714	7,442	7,187	
26,097	27,693	28,112	28,327	27,565	
9,944	10,027	10,444	10,019	9,829	
7,777	5,866	5,618	5,293	7,107	
1,090	1,500	1,837	3,242	5,188	
1,255	1,202	1,672	2,174	2,904	
2,862	4,613	5,219	7,505	7,468	
1,089	543	389	825	310	
-	50	128	-	200	
-	-	-	-	-	
<u>22,120</u>	<u>43,229</u>	<u>35,623</u>	<u>64,715</u>	<u>(70,737)</u>	
3,055	5,428	1,285	3,050	792	
1,463	1,506	785	1,206	690	
(1,728)	1,852	950	981	556	
(191)	(395)	(433)	(579)	(437)	
1,332	1,382	297	338	(134)	
(126)	309	190	670	(264)	
263	167	(245)	(409)	781	
255	463	850	1,223	803	
-	(50)	(128)	-	(200)	
<u>4,323</u>	<u>10,662</u>	<u>3,551</u>	<u>6,480</u>	<u>2,587</u>	
<u>26,443</u>	<u>53,891</u>	<u>39,174</u>	<u>71,195</u>	<u>(68,150)</u>	
22,120	43,229	35,623	64,715	54,534	
4,323	10,662	3,551	6,480	2,587	
<u>\$ 26,443</u>	<u>\$ 53,891</u>	<u>\$ 39,174</u>	<u>\$ 71,195</u>	<u>\$ 57,121</u>	

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

	Fiscal Year		
	2015	2014	2013
General Fund			
Reserved	\$ -	\$ -	\$ -
Nonspendable	3,434	3,357	3,267
Restricted	955	-	-
Committed	-	-	-
Assigned	21,562	5,404	5,424
Unreserved	-	-	-
Unassigned	45,891	45,298	30,688
Total General Fund	\$ 71,842	\$ 54,059	\$ 39,379
All Other Governmental Funds			
Reserved	\$ -	\$ -	\$ -
Nonspendable	25,263	18,993	3,660.82
Restricted	95,697	97,784	93,552.80
Subsequent year's budget: appropriation of fund balance	-	-	-
Unassigned:			
Special Revenue Grants	(1,618)	(806)	(630.00)
Capital Projects	(686)	(1,721)	(936.00)
Debt Services	-	-	-
Total all other governmental funds	\$ 118,656	\$ 114,250	\$ 95,648

Source: City of Santa Ana 2006 - 2015 CAFRS

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

SCHEDULE 3

Fiscal Year						
2012	2011	2010*	2009	2008	2007	2006
\$ -	\$ -	\$ -	\$ 5,243	\$ 3,945	\$ 4,361	\$ 9,459
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,314	5,509	-	-	-	-
4,661	2,987	-	-	-	-	-
-	-	-	11,093	32,183	36,438	42,890
19,335	6,673	2,962	-	-	-	-
<u>\$ 23,996</u>	<u>\$ 10,974</u>	<u>\$ 8,471</u>	<u>\$ 16,336</u>	<u>\$ 36,128</u>	<u>\$ 40,799</u>	<u>\$ 52,349</u>
\$ -	\$ -	\$ -	\$ 142,939	\$ 113,693	\$ 85,460	\$ 80,941
3,652	3,652	12,354	-	-	-	-
110,606	196,182	247,124	-	-	-	-
-	-	3,831	-	-	-	-
(1,661)	(2,191)	(86)	63,681	77,705	16,893	10,061
(955)	(600)	(925)	10,721	11,875	28,538	23,085
-	-	(68,330)	-	-	-	-
<u>\$ 111,642</u>	<u>\$ 197,043</u>	<u>\$ 193,968</u>	<u>\$ 217,341</u>	<u>\$ 203,273</u>	<u>\$ 130,891</u>	<u>\$ 114,087</u>

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

	Fiscal Year			
	2015	2014	2013	2012
Revenues:				
Taxes	\$ 127,913	\$ 164,855	\$ 156,008	\$ 176,503
License and permits	5,346	3,295	4,043	3,948
Intergovernmental	129,108	95,367	88,411	108,638
Charges for services	10,698	11,493	8,752	11,021
Fines and forfeits	5,937	7,010	6,935	6,930
Investment income	1,715	1,607	(396)	1,163
Gain on sale of land held for resale	-	-	-	273
Miscellaneous	31,048	43,804	35,541	36,985
Total revenues	<u>311,765</u>	<u>327,431</u>	<u>299,294</u>	<u>345,461</u>
Expenditures:				
General government (1)	14,369	13,264	12,494	10,155
Cultural recreation and community services (2)	4,976	27,074	23,762	21,138
Public safety (3) (5)	154,975	151,703	150,723	169,504
Developmental services (4)	36,754	17,237	17,565	15,575
Community development	44,150	58,337	55,359	82,114
Capital outlay	25,123	10,801	25,378	30,067
Debt service:				
Principal retirement	7,872	11,513	6,865	9,001
Interest and fiscal charges	6,750	7,987	8,471	11,940
Cost of issuance and other bond charges	-	183	-	-
Total expenditures	<u>294,969</u>	<u>298,099</u>	<u>300,617</u>	<u>349,493</u>
Excess (deficiency) of revenues over (under) expenditures	16,796	29,332	(1,323)	(4,032)
Other Financing Sources (uses):				
Transfers in	14,975	12,496	11,826	103,691
Transfers out	(14,793)	(12,186)	(11,115)	(90,149)
Bond discount	-	-	-	-
Capital lease agreement	4,256	-	-	-
Loan proceeds	955	-	-	-
Payment to refunded bond escrow agent	-	(44,856)	-	-
Proceeds from issuance of bonds	-	45,060	-	-
Proceeds of refunding debt	-	-	-	-
Capital contribution	-	3,437	-	-
Total other financing sources (uses)	<u>5,393</u>	<u>3,951</u>	<u>711</u>	<u>13,542</u>
Extraordinary gain (loss)	-	-	-	(81,889)
Net change in fund balance	<u>\$ 22,189</u>	<u>\$ 33,283</u>	<u>\$ (612)</u>	<u>\$ (72,379)</u>
Debt service as a percent of noncapital expenditures	5.4%	6.8%	5.6%	6.6%

Source: City of Santa Ana 2006 - 2015 CAFRS

1. Includes Human Resources and Finance

2. Includes Museum and Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

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

SCHEDULE 4

Fiscal Year						
2011	2010	2009	2008	2007	2006	
\$ 191,434	\$ 193,055	\$ 205,817	\$ 210,242	\$ 201,155	\$ 190,891	
3,806	2,845	3,485	3,321	3,488	4,172	
121,924	128,240	109,186	89,337	128,046	87,718	
9,899	10,147	9,161	13,643	10,878	16,280	
7,902	6,435	7,332	7,645	5,891	5,911	
1,355	2,072	11,504	13,568	27,458	29,696	
238	-	-	350	-	-	
39,280	44,368	39,359	35,050	13,242	15,487	
<u>375,838</u>	<u>387,162</u>	<u>385,844</u>	<u>373,156</u>	<u>390,158</u>	<u>350,155</u>	
10,782	11,745	20,300	16,497	19,152	15,022	
21,205	23,629	26,883	28,176	28,264	24,636	
164,203	177,346	173,793	160,806	156,930	141,660	
19,763	19,716	22,022	23,134	20,032	17,769	
71,413	67,454	53,439	55,330	40,225	40,968	
58,488	56,481	46,819	41,769	77,665	48,385	
14,244	12,485	12,791	11,154	11,614	11,350	
17,543	20,769	20,992	20,430	19,384	20,142	
778	28,594	11,738	11,503	8,993	9,465	
<u>378,419</u>	<u>418,219</u>	<u>388,777</u>	<u>368,799</u>	<u>382,259</u>	<u>329,397</u>	
(2,581)	(31,057)	(2,933)	4,357	7,899	20,758	
55,970	68,438	65,647	57,400	39,411	67,313	
(54,377)	(68,619)	(69,137)	(61,025)	(42,582)	(69,597)	
(374)	-	-	-	-	-	
-	-	-	-	526	-	
-	-	700	-	-	-	
(59,850)	-	-	-	-	-	
-	-	-	68,010	-	-	
66,790	-	-	(1,032)	-	-	
-	-	-	-	-	-	
<u>8,159</u>	<u>(181)</u>	<u>(2,790)</u>	<u>63,353</u>	<u>(2,645)</u>	<u>(2,284)</u>	
-	-	-	-	-	-	
<u>\$ 5,578</u>	<u>\$ (31,238)</u>	<u>\$ (5,723)</u>	<u>\$ 67,710</u>	<u>\$ 5,254</u>	<u>\$ 18,474</u>	
9.9%	9.2%	9.9%	9.7%	10.2%	11.2%	

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)**

Fiscal Year Ended June 30	City				Taxable Assessed Value	Total Direct Tax Rate ²
	Secured	Unsecured	Less: Exemptions ¹			
2015	\$ 20,432,992	\$ 1,642,391	\$ (161,264)	\$	21,914,119	-
2014	19,579,938	1,539,745	(164,260)		20,955,423	-
2013	18,829,929	1,432,409	(168,762)		20,093,576	-
2012	18,509,578	1,591,287	(172,181)		19,928,684	-
2011	18,313,282	1,575,006	(173,894)		19,714,394	-
2010	18,811,560	1,700,267	(174,101)		20,337,726	-
2009	20,220,321	1,711,122	(175,015)		21,756,428	-
2008	19,553,630	1,630,486	(177,491)		21,006,625	-
2007	17,927,887	1,631,584	(180,619)		19,378,852	-
2006	16,039,774	1,415,202	(186,041)		17,268,935	-

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	
\$ 5,965,248	\$ 1,001,603	\$ (5,788)	\$ 6,961,064	1.1199	
5,766,230	1,043,697	(5,889)	6,804,038	1.1230	
5,612,900	991,788	(6,027)	6,598,661	1.1134	
5,499,129	1,014,608	(6,088)	6,507,649	1.1066	
5,508,301	1,030,585	(6,124)	6,532,762	1.1068	
5,861,379	1,147,376	(5,924)	7,002,831	1.1055	
5,802,723	1,135,087	(5,827)	6,931,983	1.0590	
5,204,255	1,077,781	(5,980)	6,276,056	1.0641	
3,915,380	1,002,201	(4,456)	4,913,125	1.0630	
3,957,501	909,681	(3,242)	4,863,940	1.0656	

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

	2015	2014	2013	2012
City direct rates:				
City basic rate	(1)	(1)	(1)	(1)
Redevelopment agency				
Total City direct rate	-	-	-	-
Overlapping Rates:				
Santa Ana Unified School				
District bonds	0.06604	0.06869	0.07749	0.07147
Rancho Santiago Community				
College District bonds	0.05039	0.05078	0.03241	0.03146
Metropolitan Water District	0.00350	0.00350	0.00350	0.00370
County of Orange	1.00000	1.00000	1.00000	1.00000
Total direct rate	<u>1.11993</u>	<u>1.12297</u>	<u>1.11340</u>	<u>1.10663</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

2011	2010	2009	2008	2007	2006
(1)	(1)	(1)	(1)	(1)	(1)
-	-	-	-	-	-
0.07167	0.07388	0.03212	0.03585	0.03915	0.04353
0.03141	0.02735	0.02253	0.02373	0.01911	0.01691
0.00370	0.00430	0.00430	0.00450	0.00470	0.00520
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<u>1.10678</u>	<u>1.10553</u>	<u>1.05895</u>	<u>1.06408</u>	<u>1.06296</u>	<u>1.06564</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
2015	\$ 31,723,610	\$ 31,374,544	98.9%	\$ 216,113	\$ 31,590,658	99.6%
2014	30,143,293	29,807,066	98.9%	218,538	30,025,604	99.6%
2013	28,633,536	28,286,767	98.8%	271,597	28,558,364	99.7%
2012	28,167,014	27,732,887	98.5%	394,398	28,127,285	99.9%
2011	27,822,469	27,343,618	98.3%	421,347	27,764,965	99.8%
2010	28,081,259	27,424,429	97.7%	76,711	27,501,140	97.9%
2009	31,259,324	30,127,022	96.4%	470,972	30,597,994	97.9%
2008	31,693,492	30,461,410	96.1%	1,215,444	31,676,854	99.9%
2007	29,479,693	26,578,304	90.2%	1,824,367	28,402,671	96.3%
2006	28,514,594	24,929,393	87.4%	971,194	25,900,587	90.8%

Source: County of Orange Auditor-Controller's Office



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

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

Category	Fiscal Year			
	2015	2014	2013	2012
General Retail	\$ 36,759	\$ 35,775	\$ 34,999	\$ 33,824
Business to Business	30,956	29,394	27,917	27,003
Transportation	38,525	37,931	36,590	34,379
Food Products	26,377	24,623	23,428	22,040
Construction	19,183	17,845	16,171	15,005
Miscellaneous ¹	1,936	2,285	1,605	1,510
Total	\$ 153,735	\$ 147,854	\$ 140,708	\$ 133,762

1. Miscellaneous category includes health & government

The County of Orange has a 8.00% tax rate,

The City of Santa Ana does not have a direct tax rate.

Source: MBIA Muniservices

SCHEDULE 8

Fiscal Year						
2011	2010	2009	2008	2007	2006	
\$ 32,722	\$ 32,467	\$ 35,097	\$ 39,163	\$ 40,425	\$ 40,966	
27,500	28,838	35,293	37,484	40,034	38,206	
31,641	28,414	32,835	36,254	36,901	35,862	
20,797	20,283	21,654	22,867	22,402	21,875	
14,239	14,305	17,661	20,820	21,621	20,147	
1,428	1,548	1,997	1,735	1,703	1,655	
<u>\$ 128,327</u>	<u>\$ 125,855</u>	<u>\$ 144,536</u>	<u>\$ 158,323</u>	<u>\$ 163,086</u>	<u>\$ 158,711</u>	

**Principal Property Tax Remitters
Current and Nine Years Ago**

Principal Property Tax Remitters	2015			2006		
	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	\$ 228,423,484	1	1.04%	\$ 203,931,988	1	1.18%
Bre Properties Inc.	145,878,654	2	0.67%	-	-	-
RP Essex Skyline Holdings	133,542,578	3	0.61%	-	-	-
Lake Diane Apts LP	126,054,271	4	0.58%	-	-	-
First American Title	122,396,501	5	0.56%	66,995,993	6	0.39%
APG OCIC LLC	101,135,978	6	0.46%	-	-	-
AG LPC Griffin Towers LP	94,625,559	7	0.43%	-	-	-
Freedom SPV II LLC	94,503,910	8	0.43%	-	-	-
PAG Santa Ana BI Inc.	69,234,108	9	0.32%	-	-	-
Bel Santa Ana LLC	64,980,548	10	0.30%	-	-	-
Spieker Griffin W 9	-	-	-	98,091,706	2	0.57%
Greenville Ranch LLC	-	-	-	84,027,187	3	0.49%
Freedom Newspapers Inc.	-	-	-	68,142,339	4	0.39%
UWMC Hospital Corp	-	-	-	67,816,996	5	0.39%
NNN Xerox Centre 19 LLC	-	-	-	62,862,125	7	0.36%
Lapco Industrial Parks	-	-	-	61,271,154	8	0.35%
GLL US Office LP	-	-	-	58,284,534	9	0.34%
Kpers Realty Holding	-	-	-	56,941,405	10	0.33%
Total	\$ 1,180,775,591		5.40%	828,365,427		4.79%

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

Source: MBIA Muniservices



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

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

	Fiscal Year			
	2015	2014	2013	2012
Type of Customer				
Residential	7,725,440.5	8,285,900.4	8,191,888.8	8,054,021.9
Commercial	2,232,378.3	2,315,563.4	2,257,527.6	2,203,292.3
Industrial	827,394.2	844,945.3	801,654.8	761,203.7
Wholesale food	110,939.6	117,576.6	114,953.4	113,081.9
Government	317,185.7	360,322.8	352,676.0	350,978.8
Others ¹	567,059.6	555,458.8	508,589.9	485,600.9
Total	<u>11,780,397.8</u>	<u>12,479,767.4</u>	<u>12,227,290.5</u>	<u>11,968,179.5</u>
Total direct rate per 44 units ²	\$ 2.727	\$ 2.727	\$ 2.727	\$ 2.727

1. Others include: churches, construction use, medical, schools, reclaim water.

2. A unit is 748 gallons.

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

SCHEDULE 10

Fiscal Year					
2011	2010	2009	2008	2007	2006
8,017,322.1	8,084,666.0	9,775,959.9	9,116,657.7	9,696,685.3	9,221,423.3
2,174,889.3	2,158,521.6	2,772,523.9	2,751,669.8	2,955,599.3	2,895,335.2
725,834.5	710,905.9	996,097.7	965,694.2	1,089,224.9	971,067.8
110,922.4	106,531.7	115,519.1	110,642.7	117,391.9	124,716.3
325,890.9	316,262.6	218,620.8	116,565.3	122,765.5	102,283.7
489,859.2	515,525.3	655,178.0	548,450.8	572,328.5	481,370.2
<u>11,844,718.4</u>	<u>11,892,413.1</u>	<u>14,533,899.4</u>	<u>13,609,680.5</u>	<u>14,553,995.4</u>	<u>13,796,196.5</u>
\$ 2.673	\$ 2.673	\$ 2.284	\$ 2.085	\$ 1.871	\$ 1.760

**Water Rates
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Monthly base Rate ¹	Rate per 44 Units ²
2015	\$ 7.00	2.73
2014	7.00	2.73
2013	7.00	2.73
2012	7.00	2.73
2011	7.00	2.67
2010	7.00	2.67
2009	7.00	2.28
2008	7.00	2.09
2007	7.00	1.87
2006	7.00	1.76

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	2015		2006	
	Taxable Water Charges	Percentage of Total Water Revenues	Taxable Water Charges	Percentage of Total Water Revenues
Chroma Systems	\$ 672,807	1.41%	\$ 421,350	1.11%
Adohr Farms Inc	256,375	0.54%	217,089	0.57%
Fairview Villas	200,930	0.42%	266,655	0.70%
Power Circuits Inc.	212,714	0.45%	148,461	0.39%
Centennial Park	140,372	0.29%	139,529	0.37%
County of Orange	177,727	0.37%	535,438	1.41%
Warwick Square Assoc. Inc.	147,191	0.31%	753,323	1.98%
Far West Management Corp	138,532	0.29%	123,361	0.32%
Mac Arthur Village	137,469	0.29%	186,338	0.49%
County of Orange	144,925	0.30%	181,921	0.48%
Total	\$ 2,229,042	4.67%	\$ 2,973,465	7.81%

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 Debt					
Fiscal Year Ended June 30	Tax Allocation Bonds	Tax Allocation Refunding Bonds	Capital Leases	Certificates of Participation	
2015	\$ -	\$ -	\$ 4,255,657	\$ 61,082,543	
2014	-	-	-	62,375,045	
2013	-	-	166,487	72,032,547	
2012	-	-	1,565,275	73,600,049	
2011	84,275,000	20,912,721	2,930,437	75,102,551	
2010	18,010,000	22,716,810	4,342,004	76,540,053	
2009	18,520,000	24,440,902	5,705,163	76,850,720	
2008	19,020,000	26,094,991	8,516,932	77,146,652	
2007	19,510,000	27,689,080	4,087,758	10,455,000	
2006	19,990,000	29,243,169	4,511,149	10,745,000	
Fiscal Year Ended June 30	Lease Revenue Bonds	Refunding Revenue Bonds	Long Term Loans	Private Placement Financing	
2015	\$ 31,035,000	\$ -	\$ 2,136,062	\$ 41,475,000	
2014	33,550,000	-	822,967	45,060,000	
2013	71,778,997	-	352,396	-	
2012	76,357,998	-	1,708,894	-	
2011	80,721,999	-	7,633,917	-	
2010	84,906,000	64,930,000	8,006,082	-	
2009	88,929,999	69,750,000	8,328,862	-	
2008	92,794,000	74,335,000	7,050,475	-	
2007	96,543,001	78,695,000	7,054,737	-	
2006	100,967,002	82,850,000	8,878,375	-	
Business-type Activities					
Fiscal Year Ended June 30	Revenue Bonds Payable	Certificates of Participation	Refunding COP	Notes Payable	
2015	\$ 18,058,891	\$ -	\$ 618,009	\$ 474,476	
2014	13,086,938	-	2,576,013	653,038	
2013	13,281,809	-	3,939,865	825,511	
2012	14,128,209	-	5,299,820	992,102	
2011	14,949,609	-	6,469,775	1,153,012	
2010	15,746,009	-	7,484,730	1,308,434	
2009	16,522,409	-	8,364,685	1,458,557	
2008	17,278,809	-	9,124,640	1,603,559	
2007	18,015,209	2,360,000	9,914,595	1,743,617	
2006	18,731,609	3,428,883	11,294,550	1,878,899	

SCHEDULE 13

Fiscal Year Ended June 30	Total		
	Total Primary Government	Percentage of Personal Income ²	Debt Per Capita ²
2015	\$ 159,135,638	\$ 0.09%	\$ 2,888
2014	158,124,001	0.09%	2,900
2013	162,377,612	0.10%	3,007
2012	173,652,347	0.11%	3,416
2011	294,149,021	0.20%	6,024
2010	303,990,122	0.21%	6,221
2009	318,871,297	0.21%	6,163
2008	332,965,058	0.22%	6,460
2007	276,067,997	0.19%	5,434
2006	292,518,636	0.21%	6,197

Source: City of Santa Ana 2006 - 2015 CAFRS

1. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

2. Population and personal income data can be found in Schedule 17 of the Statistical Section;

Ratios are calculated using prior calendar year. Changed data from metropolitan area to Orange County data.

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

	Fiscal Year			
	2015	2014	2013	2012
Debt limit	\$ 551,884,587	\$ 551,884,587	\$ 508,494,478	\$ 502,521,612
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ <u>551,884,587</u>	\$ <u>551,884,587</u>	\$ <u>508,494,478</u>	\$ <u>502,521,612</u>

Legal Debt Margin Calculation for Fiscal Year 2015:

Assessed value	\$ 22,075,383,494
Debt Limit (2.5 percent of assessed value) ¹	<u>551,884,587</u>
Debt applicable to limit:	
General obligation bonds	None
Legal debt margin	\$ <u>551,884,587</u>

Source: County of Orange Auditor-Controller's Office

1. This equates to be the 10% authorized by the Santa Ana Charter prior to the Assessor's change in assessed value basis from 25% to 100% of full cash value in fiscal year 1982.

SCHEDULE 14

						Fiscal Year							
		2011		2010		2009		2008		2007		2006	
\$		497,207,207	\$	512,795,676	\$	548,286,091	\$	529,602,908	\$	488,986,777	\$	436,374,410	
		-		-		-		-		-		-	
\$		<u>497,207,207</u>	\$	<u>512,795,676</u>	\$	<u>548,286,091</u>	\$	<u>529,602,908</u>	\$	<u>488,986,777</u>	\$	<u>436,374,410</u>	

Direct and Overlapping Debt Fiscal Year 2015

<u>City of Santa Ana</u>					
2014-15 Assessed Valuation:	\$	22,075,383,494			
			Total Debt		City's Share of
<u>Overlapping Tax and Assessment Debt:</u>			6/30/15	% Applicable (1)	Debt 06/30/15
Metropolitan Water District	\$		110,420,000	0.951%	\$ 1,050,094
Coast Community College District			609,598,698	0.247%	1,505,709
Rancho Santiago Community College District			277,290,443	31.224%	86,581,168
Rancho Santiago Community College District SFID No. 1			70,585,000	57.501%	40,587,081
Garden Grove Unified School District			243,995,160	11.394%	27,800,809
Santa Ana Unified School District			282,043,547	62.302%	175,718,771
Tustin Unified School District Facilities Improvement District No 2002-1			49,798,788	13.653%	6,799,029
Tustin Unified School District Facilities Improvement District No 2008-1			70,495,000	14.133%	9,963,058
Tustin Unified School District Facilities Improvement District No 2012-1			32,535,000	9.481%	3,084,643
Total Overlapping Tax and Assessment Debt:					\$ 353,090,362
<u>Direct Governmental Fund Debt (Net of Bond Discount/Premium):</u>					
City of Santa Ana Governmental Fund Obligations					
Police Administration & Holding Facility Series 1994A			31,035,000		31,035,000
Private Placement Financing			41,475,000		41,475,000
Refunding Series 2003A			618,009		618,009
2007 Local Street Improvement Projects			61,082,543		61,082,543
Long-Term Loans & Other Payable			2,136,062		2,136,062.00
Total Gross Direct Governmental Fund Debt			136,346,614	100%	136,346,614
Less: City of Santa Ana Certificate of Participation supported by parking revenues					618,009
Total Net Direct Governmental Fund Debt					\$ 135,728,605
<u>Overlapping General Fund Debt:</u>					
Orange County General Fund Obligations	\$		98,906,000	4.685%	\$ 4,633,746
Orange County Pension Fund Obligations			366,854,623	4.685%	17,187,139
Orange County Board of Education Certificates of Participation			15,190,000	4.685%	711,652
Orange Unified School District Benefit Obligations			84,965,000	2.972%	2,525,160
Orange Unified School District Certificates of Participation			30,614,699	2.972%	909,869
Santa Ana Unified School District Certificates of Participation			73,662,130	62.302%	45,892,980
Total Overlapping General Fund Debt					\$ 71,860,546
Total Gross Direct and Overlapping General Fund Debt					208,207,160
Total Net Direct and Overlapping General Fund Debt					\$ 207,589,151
<u>Overlapping Tax Increment Debt:</u>	\$		94,780,000	99.998-100.0%	\$ 94,779,440
Total Gross Overlapping Debt					\$ 519,730,348
Total Net Overlapping Debt					\$ 519,730,348
Gross Combined Total Debt					\$ 656,076,962 (2)
Net Combined Total Debt					\$ 655,458,953

(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 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.60%
Gross Total Direct Debt (\$136,346,614).....	0.62%
Net Total Direct Debt (\$135,728,605).....	0.61%
Gross Combined Total Debt.....	2.97%
Net Combined Total Debt.....	2.97%

Ratios to Redevelopment Incremental Valuation (\$5,684,117,620):

Total Overlapping Tax Increment Debt.....	1.67%
---	-------

Source: California Municipal Statistics, Inc.

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	
2015	\$ 45,812	\$ 42,045	\$ 3,767	930	578	2.50
2014	52,856	42,059	10,797	900	609	7.16
2013	51,339	41,557	9,782	880	638	6.44
2012	49,482	46,197	3,285	855	664	2.16
2011	47,783	44,917	2,866	830	688	1.89
2010	48,782	42,542	6,240	810	708	4.11
2009	47,338	38,734	8,604	790	729	5.67
2008	42,574	38,356	4,218	770	749	2.78
2007	42,233	36,327	5,906	750	767	3.89
2006	38,401	32,810	5,591	740	783	3.67

Source: City of Santa Ana 2006 - 2015 CAFRS

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

(1) Pursuant to the Indenture, all Revenues (all Installment Payments paid by the City to the Trust) and amounts on deposits in the funds and accounts established under the Indenture (other than amount on deposit in the Rebate Fund) has irrevocably pledged to the payments of principal and interest on the Bonds. In addition, the City covenants that revenue from the water utility operation will be sufficient to provide net revenues of at least 1.20 times the principal and interest (or minimum term bond payment of the bonds as they become due and payable).

Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2014	335,264	\$ 173,305,650	\$ 55,096	5.5%
2013	331,953	169,792,810	54,519	6.2%
2012	329,915	166,634,101	54,008	7.6%
2011	327,731	155,259,397	50,839	8.8%
2010	324,528	147,358,664	48,826	9.5%
2009	357,754	145,968,001	48,865	8.8%
2008	355,662	153,028,089	51,741	5.3%
2007	353,184	151,102,207	51,542	3.9%
2006	353,428	148,982,081	50,808	3.4%
2005	351,322	138,779,933	47,203	3.8%

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	2015		2006	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
County of Orange	16,464	10.3%		
Santa Ana Unified School District	4,500	2.8%		
Santa Ana College	1,928	1.2%		
First American Title Co.	1,500	0.9%	2,395	1.6%
City of Santa Ana	1,444	0.9%		
KPC Healthcare (formerly Integrated Healthcare Holdings)	1,130	0.7%	1,629	1.1%
Superior Court of CA-County of Orange	742	0.5%	1,000	68.0%
Orange County Register (Freedom Communications)	601	0.4%	1,770	1.2%
Abbott Medical Optics Inc	600	0.4%		
New Century Mortgage	-	-	3,500	2.4%
Ingram Micro	-	-	1,350	0.9%
Diversified Maintenance Services Inc	-	-	1,100	0.8%
United Building Services	-	-	800	0.5%
One Source	-	-	800	0.5%
Orange County Public Facilities	-	-	700	0.5%

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

Source: MuniServices, LLC

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

Function	Full-Time and Part-time Employees as of June 30			
	2015	2014	2013	2012
General government (1)	188	175	164	165
Cultural recreation and community services (2)	368	392	401	390
Public safety (3) (5)	585	596	635	654
Developmental services (4)	238	216	223	222
Community development	60	59	69	74
Total	<u>1,439</u>	<u>1,438</u>	<u>1,492</u>	<u>1,505</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

2011	2010	2009	2008	2007	2006
178	192	203	232	229	218
396	395	404	459	462	360
877	896	934	973	963	939
256	246	281	326	311	294
90	94	111	121	122	118
<u>1,797</u>	<u>1,823</u>	<u>1,933</u>	<u>2,111</u>	<u>2,087</u>	<u>1,929</u>

Operating Indicators by Function Last Ten Fiscal Years

	2015	2014	2013
Police:			
Physical arrests	10,445	10,273	12,100
Parking citations issued	94,112	72,464	72,129
Traffic citations issued	9,378	7,886	10,210
Responses to 911 calls	159,530	165,505	168,362
Fire:			
Number of emergency calls-SAFD	-	-	-
Number of emergency calls-OCFA	21,392	19,303	18,961
Inspections-SAFD	N/A	N/A	N/A
Inspections-OCFA	2,686	2,616	1,075
Public Works:			
Streets:			
-Street resurfacing (miles)	-	-	-
-Pot holes repaired **	1,900	24,200	20,400
Sanitation:			
-Refuse collected (tons/year) *	N/A	N/A	N/A
-Recyclables collected (tons/year) *	N/A	N/A	N/A
Refuse collected (tons/year)			
-Goal: Max lbs refuse disposed/person *	8	8	8
-Actual: lbs refuse disposed/person *	5	5	5
Water:			
-New connections	86	27	36
-Water mains breaks	15	17	15
-Average daily consumption (thousands of gallons)	32,700	35,200	35,000
Parks, recreation and community services:			
Athletic field permits issued	12,957	11,619	10,773
Number of recreation classes (subjects)	634	415	496
Number of facility rentals	1,166	1,250	1,466
Planning and Building:			
Number of building permits issued	3,325	2,131	2,417
Number of plan checks	2,762	2,292	3,147
Number of inspections	22,597	20,884	19,813
Number of demolition building permits	18	16	12
Value of construction (in thousands):			
-Commercial and industrial construction	60,624	8,494	22,255
-Residential construction	117,512	6,720	33,918
-Other additions and alterations	43,027	87,656	88,436

* Note: Beginning in 2007, CA Integrated Waste Management Board changed the method of reporting and disposal target to a pounds per day formula.

** Note: Beginning in 2015, the statistical method for reporting potholes changed to the actual number of potholes filled, versus the average tons of asphalt per day.

Source: City of Santa Ana

SCHEDULE 20

2012	2011	2010	2009	2008	2007	2006
6,456	11,645	11,313	12,975	13,841	12,450	12,219
36,709	82,737	87,827	94,792	103,817	103,383	95,299
6,816	12,873	17,989	20,154	26,233	42,995	34,028
90,644	150,057	24,986	25,009	25,616	24,671	22,301
14,817	18,360	17,808	17,859	10,645	18,215	19,960
4,024	N/A	N/A	N/A	N/A	N/A	-
2,890	4,931	5,124	3,985	2,033	4,026	4,106
-	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	94	10	2	1
24,500	23,750	25,000	25,000	27,440	28,500	26,570
N/A	N/A	N/A	N/A	1,025,000	1,025,000	970,000
N/A	N/A	N/A	N/A	620,000	600,000	580,000
8	8	8	8	N/A	N/A	N/A
5	5	5	5	N/A	N/A	N/A
61	22	35	52	89	147	107
25	35	41	19	21	27	13
34,000	33,400	34,900	36,700	38,400	83,000	42,000
9,229	8,781	8,890	9,871	9,139	8,659	9,855
186	172	151	158	127	104	91
2,872	2,722	3,014	3,335	3,002	2,691	1,812
2,347	2,355	2,032	2,215	3,112	3,868	4,581
2,220	1,561	1,405	1,571	2,672	3,221	2,574
21,077	24,185	23,168	39,147	48,687	42,308	41,659
43	27	17	12	42	45	48
9,564	12,278	2,544	6,571	14,069	15,031	7,374
30,744	11,695	1,408	951	7,170	22,007	122,060
76,961	73,671	55,008	43,132	69,403	64,773	93,717

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

	2015	2014	2013
Police:			
Stations	2	2	3
Fire:			
Fire stations	10	10	10
Public Works:			
Street (miles)	422	422	422
Streetlights *	2,861	1,872	1,822
Traffic Signals	297	297	297
Parks, Recreation and community services			
Number of parks	44	44	41
Number of libraries	2	2	2
Number of recreation facilities	18	18	18
Number of municipal swimming pools	5	5	5
Number of municipal tennis centers	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS
Number of miles of bike trails	13	13	13
Water:			
Water mains (miles)	480	480	480
Maximum daily capacity (thousands of gallons)	146,000	146,000	146,000
Number of water wells	20	20	20
Number of reservoirs	10	10	10
Number of hydrants	4,844	4,826	4,815
Sewer:			
Sewer mains (miles)	390	390	390

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

Source: City of Santa Ana

SCHEDULE 21

2012	2011	2010	2009	2008	2007	2006
3	2	2	2	2	2	2
10	10	10	10	10	10	10
422	421	425	425	425	425	400
1,805	1,789	1,630	1,606	1,606	1,593	1,582
297	292	285	285	282	279	275
35	35	35	35	35	40	40
2	2	2	2	2	2	2
17	17	17	17	17	8	8
5	5	5	5	5	5	5
2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS
11	11	11	11	11	11	11
481	478	478	488	488	488	488
146,000	146,000	146,000	146,000	146,000	159,000	157,000
20	20	20	20	20	19	19
10	10	10	10	10	10	10
4,815	4,812	4,812	4,779	4,943	4,927	4,901
390	390	390	390	390	389	389



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CITY OF SANTA ANA
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2015 Comprehensive Annual Financial Report

20 Civic Center Plaza, Santa Ana, California 92701 (714) 647-5434