



CITY OF SANTA ANA, CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

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

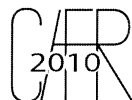
CITY OF SANTA ANA, CALIFORNIA

2010 Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

Prepared by
Finance & Management Services Agency

Francisco Gutierrez
Executive Director



Comprehensive Annual Financial Report

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CITY OF SANTA ANA, CALIFORNIA
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MAYOR
Miguel A. Pulido
MAYOR PRO TEM
Claudia C. Alvarez
COUNCIL MEMBERS
P. David Benavides
Carlos Bustamante
Michele Martínez
Vincent F. Sarmiento
Sal Tinajero



CITY OF SANTA ANA

CITY MANAGER
David N. Ream
CITY ATTORNEY
Joseph W. Fletcher
CLERK OF THE COUNCIL
Maria D. Huizar

December 15, 2010

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (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. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Santa Ana for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City of Santa Ana. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Santa Ana 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 of Santa Ana's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Santa Ana'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 of Santa Ana's financial statements have been audited by Macias Gini & O'Connell LLP, a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Santa Ana for the fiscal year ended June 30, 2010 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 unqualified opinion that the City of Santa Ana's financial statements for the fiscal year ended June 30, 2010 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Santa Ana was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal

requirements involving the administration of federal awards. These reports are available in the City of Santa Ana's separately issued Single Audit 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 of Santa Ana's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Santa Ana, incorporated in 1886, is located in Orange County, California, which is considered to be one of the top growth areas in the state, and one of the top growth areas in the country. The City of Santa Ana currently occupies a land area of 27.2 square miles and serves a population of 357,754. The City of Santa Ana is empowered to levy a property tax on both real and personal properties located within its boundaries. Increases in the property tax rate are subject to voter approval. It also is empowered by state statute to extend its corporate limits by annexation when deemed appropriate by the governing council.

The City of Santa Ana has operated under the council-manager form of government since 1952, having been one of the first in the state to adopt this form of government. Policy-making and legislative authority are vested in a governing city council consisting of the mayor and six other members. 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 City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a two-year term. The mayor and all council members are elected at large.

The City of Santa Ana provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational activities; public library and cultural events. The City of Santa Ana is also responsible for three legally separate entities: The Community Redevelopment Agency of the City of Santa Ana, the Housing Authority, and the Santa Ana Financing Authority, each of which are reported separately within the City of Santa Ana's financial statements. Additional information on all three of these legally separate entities can be found in Note 1A in the notes to the basic financial statements.

The annual budget serves as the foundation for the City of Santa Ana's financial planning and control. During the months of January through April of each year, the City of Santa Ana agencies submit requests for appropriation to the City Manager which are then used to develop the proposed budget. The City Manager then presents this proposed budget to the council for review prior to June 15. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than July 31. The appropriated budget is prepared by fund, department (e.g., police), and program (e.g., police patrol). 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 109 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 109 through 111 as well as on pages 126 and 129.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Santa Ana operates.

Economic base. Orange County is the fourth richest county in the nation with a Gross County Product of \$179.7 billion. The City of Santa Ana is known as the heart of Orange County and the center of government, commerce and transportation. Santa Ana is home to over 15,000 businesses with the top 25 businesses generating more than 30% of the jurisdiction's total sales/use tax revenue. Major companies with headquarters and divisions located within the City's boundaries include computer hardware and software manufacturers, electrical controls and electronic component manufacturers, food manufacturers, and several financial and insurance institutions. A key component in enhancing the City's economic base is its focus on business attraction and retention program. The City's designation as an Enterprise Zone provides a competitive edge in attracting new businesses to the area. Private sector developers also recognize the benefits of building in Santa Ana and as a result several new commercial and residential projects were developed, which resulted in over 1,500 new residential units and over 30,000 square feet of new retail space.

Local economy. The downturn in the economy and the affects it has had on real estate and retail sectors have negatively affected the State of California and local jurisdictions. Substantial revenue declines have led to a surge in job losses at both private and public sectors. California's unemployment rate reached 12.2% in September 2010 while Orange County was at 9.6%. Both the State and County unemployment levels are anticipated to remain unchanged as the mortgage, finance, retail, construction and real estate markets are not anticipated to generate sustainable job growth in the near future. While there are mixed signals of an economic recovery, Economists are expecting the recovery to be sluggish at best over the next two years. The economic downturn has eroded the City of Santa Ana General Fund revenues over the past three fiscal years and by the end of fiscal year 2010-11 will have established a new revenue base line that will grow as the economy improves. Nevertheless, the City will continue to develop its strategic financial plan to address impacts of the current economic situation on its budget.

Long-term financial planning. Ensuring the City's financial stability is a fundamental responsibility of the administration of our organization. In addition to the ongoing fiduciary functions, strategy for our long-term financial ability to deliver quality services includes; aggressively seeking grant monies available to local government to fund capital projects or enhance operations; refinancing debt to reduce annual payments by capitalizing on lower interest rates; actively pursuing competitive bids for goods, services, and capital projects; providing adequate reserves for liability and workers compensation funds; and minimizing credit and market risks while maintaining a competitive yield on the City's investment portfolio. In 2010-11, the City will continue to research grant opportunities provided by the Federal and State governments and aggressively apply for programs that are in alignment with our goals. Through the efforts of our departments and the citywide grants task force, the City secured \$62 million in competitive grant funding in fiscal year 2010-2011. Also through the efforts of the Santa Ana Police Department, the Department of Homeland Security has awarded the City the Fiscal Year 2011 Urban Area Security Initiative Grant for \$11.2 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.

The City's population has increased by almost 55% in the last twenty plus years. It is anticipated that Santa Ana will continue to experience modest population growth through 2025. Providing and maintaining infrastructure and community facilities are essential goals of the City's administration. One of the priorities under these goals is to ensure proper levels of maintenance for our infrastructure, public buildings, parks and neighborhoods. Another priority is to complete the improvement of local neighborhood streets. The \$51 million Capital Improvement Program for the 2010-2011 fiscal year includes: the commitment to neighborhood improvements, with more than \$12.2 million budgeted for neighborhood street improvements, street resurfacing, and reconstruction of damaged curbs and sidewalks; \$4.5 million for improvements at City parks and public facilities; \$25.9 million for arterial improvements of which \$15.8 million was awarded from the Orange County Transportation Authority gas tax subvention for the Bristol Street corridor widening project; \$7.1 million for improvements to the water and sewer systems; and \$2.1 million for traffic improvements.

Relevant financial policies. Fiscal stability strategies incorporated into the 2010-11 General Fund Budget include reorganization of some departments and functions, elimination of service redundancies, shifting of legitimate expenses to non-General Fund sources, and contracting out services when the private sector can provide comparable or better quality service for less cost.

As an example, the City merged the Library into Parks, Recreation and Community Services Agency in 2009. The savings generated through consolidation of administrative functions can be used to maintain existing programs and services. In addition, the City has contracted out park maintenance services to all but 13 the park sites since fiscal 2007-08. During fiscal year 2009-10, the City along with leadership from the Mayor and City Council agreed to contract out the remaining park sites and Civic Center which resulted in approximately \$800,000 in ongoing cost saving.

Another major component to the City's fiscal stability strategy is the reduction of salary and benefit costs through bargaining group concessions. Since fiscal year 2008-09, the City has been in discussions and negotiations with its various bargaining groups and has achieved significant cost savings. As an example, in December of 2008 the City's Executive Management Team deferred salary increases and performance-based merit pay equating to 10% of their compensation. Following the Executive team, other bargaining units have deferred salary and benefit increases and in some instances reduced or eliminated them all together. In spite of these efforts, the City has been forced to reduce its workforce by 150 full-time positions during fiscal year 2009-10 and an additional 123 in 2010-11 which equates to a workforce reduction of 15% over the last two fiscal years.

Major initiatives. The Police Department Computer Forensics Unit will join with the FBI, DA's Office and eight other agencies in 2010-11 to form the new Orange County Regional Computer Forensics laboratory. The new multi-million dollar facility will not only be a cost savings to the City of Santa Ana, it will substantially increase the computer forensics resources, expertise, and networking valuable to the Santa Ana Police Department.

The City's "Go Local" Transit Study, which will result in the establishment of local transit system connecting the Santa Ana Regional Transportation Center with the Civic Center and the Pacific-Electric Right of Way to Garden Grove, has received Phase II funding approval from Orange County Transportation Authority.

The City of Santa Ana has undertaken the California Green Jobs Corps as a pilot program funded by the American Recovery and Reinvestment Act (ARRA). This program provides green education, paid work experience, and community service opportunities for 28 young adults ages 16-24. The program will give youth an opportunity to receive training in green careers

Pension and other post-employment benefits. The City has contracted with the California Public Employee's Retirement System (CalPERS) to provide certain retirement, disability, death and survivor benefits for full-time city employees. The annual actuarial valuation of CalPERS continues to reflect relative stability in the City's and employees' funding of the system. The City's actuarial determined contribution 09-10 effective rate for Safety members and miscellaneous members was 22.567% and 13.118% respectively.

The City of Santa Ana also provides limited postretirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 192 (excluded POA) retired employees receiving these benefits, which are financed on a pay-as-you-go basis.

Additional information on the City of Santa Ana's pension arrangements and post-employment benefits can be found in pages 98 through 105 as well as pages 114 and 116 in the notes to the basic financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Ana for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the thirty two consecutive years that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

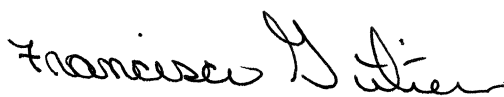
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 of Santa Ana's finances.

Respectfully submitted,



David N. Ream
City Manager



Francisco Gutierrez
Executive Director
Finance & Management Services



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

GFOA Certificate of Achievement

Excellence in Financial Reporting for Fiscal Year Ended June 30, 2009

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emmer".

Executive Director

Directory of City Officials

June 30, 2010

Miguel A. Pulido
Mayor

Claudia C. Alvarez
Mayor Pro Tem

P. David Benavides
Councilmember

Carlos Bustamante
Councilmember

Michele Martinez
Councilmember

Vincent F. Sarmiento
Councilmember

Sal Tinajero
Councilmember

David N. Ream
City Manager

Joseph W. Fletcher
City Attorney

Maria D. Huizar
Clerk of the Council

Cynthia J. Nelson
Deputy City Manager

Development Services

Jill Arthur
Executive Director

External Affairs

Francisco Gutierrez
Executive Director

Finance & Management Services Agency

David A. Thomas
Fire Chief

Fire Department

Kathie S. Gonzalez
Executive Director

Personnel Services Agency

Jay M. Trevino
Executive Director

Planning & Building Agency

Paul M. Walters
Police Chief

Police Department

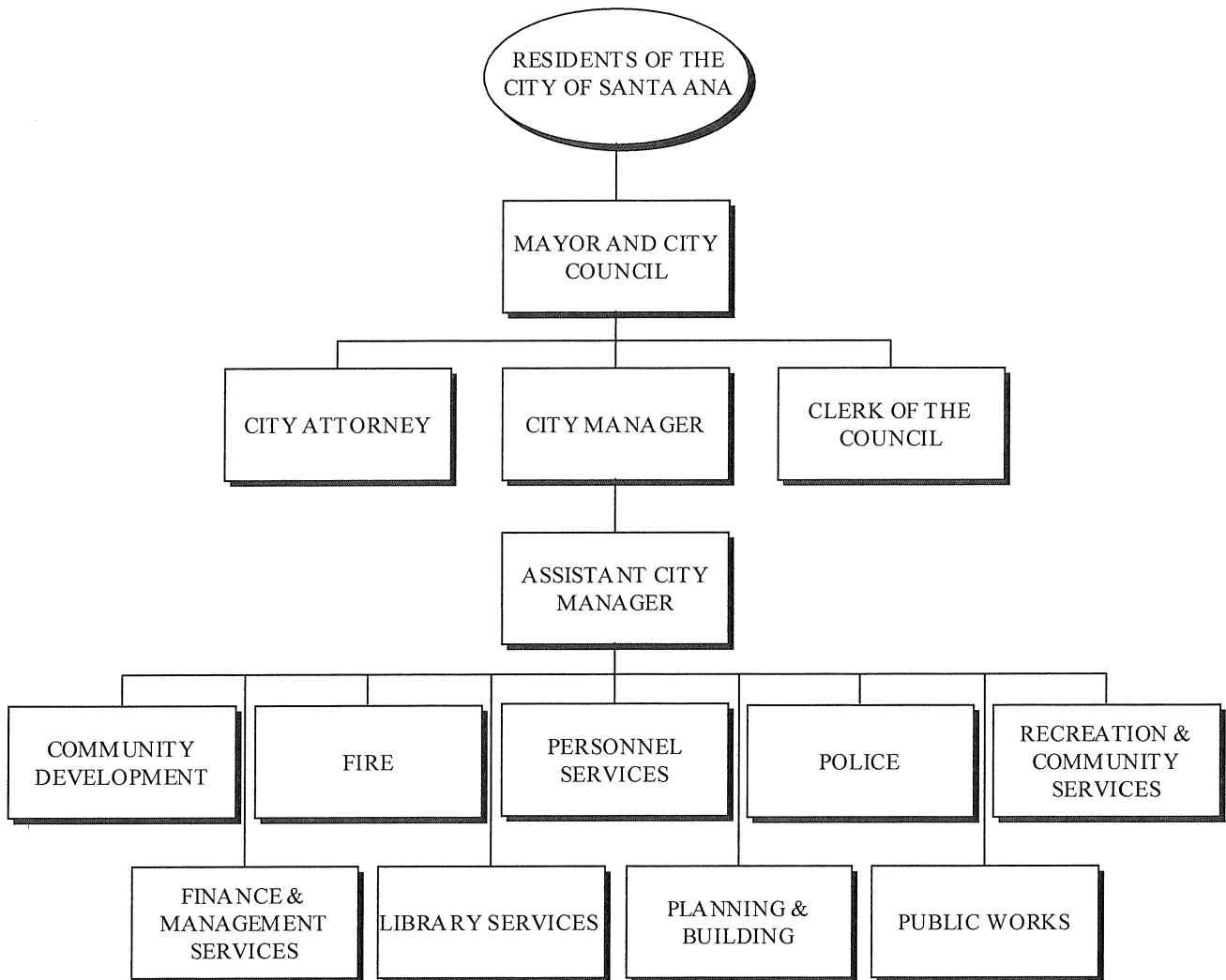
Gerardo R. Mouet
Executive Director

Library Services Agency
Parks, Recreation & Community Service Agency

Raul Godinez
Executive Director

Public Works Agency

Table of Organization
Fiscal Year 2009-2010





CITY OF SANTA ANA, CALIFORNIA

Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Financial Section



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

Independent Auditor's Report

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 (City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Subsequent to the issuance of the City's basic financial statements on December 15, 2010, a material error was discovered by management whereby the classification of net assets in the statements of net assets for the business-type activities and the non-major enterprise funds was not correct between restricted and unrestricted. The statements of net assets for the business-type activities and proprietary funds have been restated and the effects of the correction are described in Note 5. Our report dated December 15, 2010 should not be relied on and is replaced by this report.

As discussed in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in

accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statement. The introductory section and combining and individual nonmajor fund financial statements and schedules listed as supplementary schedules in the table of contents, 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 schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias Fini & O'Connell LLP

Newport Beach, California

December 15, 2010, except for Note 5 as to which the date is June 8, 2011

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 readers of the City of Santa Ana's financial statements this narrative overview and analysis of the financial activities of the City of Santa Ana for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The City of Santa Ana's combined governmental activities and business-type activities assets exceeded its liabilities at the close of the most recent fiscal year by \$1,014,086 (net assets). Of this amount, \$49,356 is unrestricted. The City's investment in capital assets net of related debt is \$807,145 and \$157,585 restricted for debt service, capital projects and specific projects and programs. The City's general revenue decreased (\$34,784) or 16.99% percent from fiscal year 2008-09 due to decreases in Property taxes, Sales taxes, Hotels visitors' taxes, however the City's total net assets increased by \$26,443 due to increases in the operating grants and City's charges for services.
- As of the close of the current fiscal year, the City of Santa Ana's governmental funds reported combined ending fund balances of \$202,439, a decrease of (\$31,238) as compared to the prior fiscal year. The decrease was primarily due to the construction cost for the Local Street Improvement Project. Despite the implementation of the City's cost reduction plan, general fund revenues continued to decline far greater than originally anticipated. At the end of the current fiscal year, the fund balance for the general fund decreased by \$7,865 as compared to the prior fiscal year. The amount of \$2,962 is available for spending which is 1.50 percent of total general fund appropriations in fiscal year 2010-11.
- The City experienced a net decrease in its total bonded debt and loans by \$14,847 in the fiscal year under review due to the principal repayments of existing debt. (See Note 3E on page 80).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Santa Ana's basic financial statements. The City of Santa Ana's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 of Santa Ana's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the City of Santa Ana's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Santa Ana is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 of Santa Ana 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 of Santa Ana 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 of Santa Ana include Water, Refuse Collection, Parking, Sanitation, a Regional Transportation Center, Sewer and the Federal Clean Water Protection.

The government-wide financial statements include not only the City of Santa Ana itself (known as the *primary government*), but also blended component units. 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 Community Redevelopment Agency of the City of Santa Ana (RDA), the Housing Authority, and the Santa Ana Financing Authority (SAFA) are reported as part of the primary government.

The government-wide financial statements can be found on pages 33-35 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 of Santa Ana, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Santa Ana 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 of Santa Ana maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Grants Fund, Housing Authority Special Revenue Fund, Special Revenue Special Gas Tax Fund, RDA Capital Project Fund, Capital Projects Street Construction, RDA Debt Service and the SAFA Debt Service Funds, all of which are considered to be major funds. Data from the other eight 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* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 40-46 of this report.

Proprietary funds. The City of Santa Ana 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 of Santa Ana uses enterprise funds to account for its Water, Refuse Collection, Parking, Sanitation, Regional Transportation Center operations, the Sewer Enterprise Fund, and the Federal Clean Water Protection Enterprise Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Santa Ana's various functions. The City of Santa Ana uses internal service funds to account for, amongst others, its self insurance and equipment maintenance/replacement, and for its management 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, and the parking operation, which are considered to be major funds of the City of Santa Ana. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statement* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 48-55 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the 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 of Santa Ana's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 56 of this report.

Notes to the 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 financial statements can be found on pages 59-105 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 of Santa Ana's budgetary information and compliance; the Schedule of Funding Progress for Pensions and OPEB plans; and the OPEB Schedule of Employer Contributions. Required supplementary information can be found on pages 109-116 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, enterprise funds, and internal service funds are presented immediately following the required supplementary information captioned supplementary schedules. Combining and individual fund statements and schedules can be found on pages 119-164 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Santa Ana, assets of the City's governmental activities exceeded liabilities by \$894,841 at the close of fiscal year 09-10 as compared to the net assets of \$872,721 in fiscal year 08-09.

By far the largest portion of the City of Santa Ana net assets reflects its investment in capital assets (e.g., land, rights of way, infrastructure, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Santa Ana uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Santa Ana's investment in its 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 Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|-------------------|-----------------------------|-------------------|---------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Current and other assets | \$ 412,586 | \$ 411,052 | \$ 45,109 | \$ 40,290 | \$ 457,695 | \$ 451,342 |
| Capital assets | 890,797 | 857,098 | 108,627 | 109,508 | 999,424 | 966,606 |
| Total assets | <u>1,303,383</u> | <u>1,268,150</u> | <u>153,736</u> | <u>149,798</u> | <u>1,457,119</u> | <u>1,417,948</u> |
| Long-term liabilities | 359,359 | 364,674 | 26,238 | 27,744 | 385,597 | 392,418 |
| Other liabilities | 49,183 | 30,755 | 8,253 | 7,132 | 57,436 | 37,887 |
| Total liabilities | <u>408,542</u> | <u>395,429</u> | <u>34,491</u> | <u>34,876</u> | <u>443,033</u> | <u>430,305</u> |
| Net assets: | | | | | | |
| Invested in capital assets- net of related debt | 723,057 | 684,618 | 84,088 | 83,163 | 807,145 | 767,781 |
| Restricted | 156,629 | 182,937 | 956 | 7,014 | 157,585 | 189,951 |
| Unrestricted | 15,155 | 5,166 | 34,201 | 24,745 | 49,356 | 29,911 |
| Total net assets | <u>\$ 894,841</u> | <u>\$ 872,721</u> | <u>\$ 119,245</u> | <u>\$ 114,922</u> | <u>\$ 1,014,086</u> | <u>\$ 987,643</u> |

An additional portion of the City of Santa Ana's governmental activities net assets (17.50 percent) represents resources that are subject to external restrictions on how they may be used. As June 30, 2010 the City's unrestricted net assets is a positive \$15,155, or a positive 1.69 percent. The positive in unrestricted net assets primarily due to the increase in net assets of \$22,120 as compared to fiscal year 08-09.

At the end of the current fiscal year, the City of Santa Ana is able to report positive balances in three categories of net assets for its governmental activities. In the business-type activities the City also has positive balances in the three categories of net assets. The same situation held true for the prior fiscal year.

The government's total net assets are increased by \$26,443 during the current fiscal year. The increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

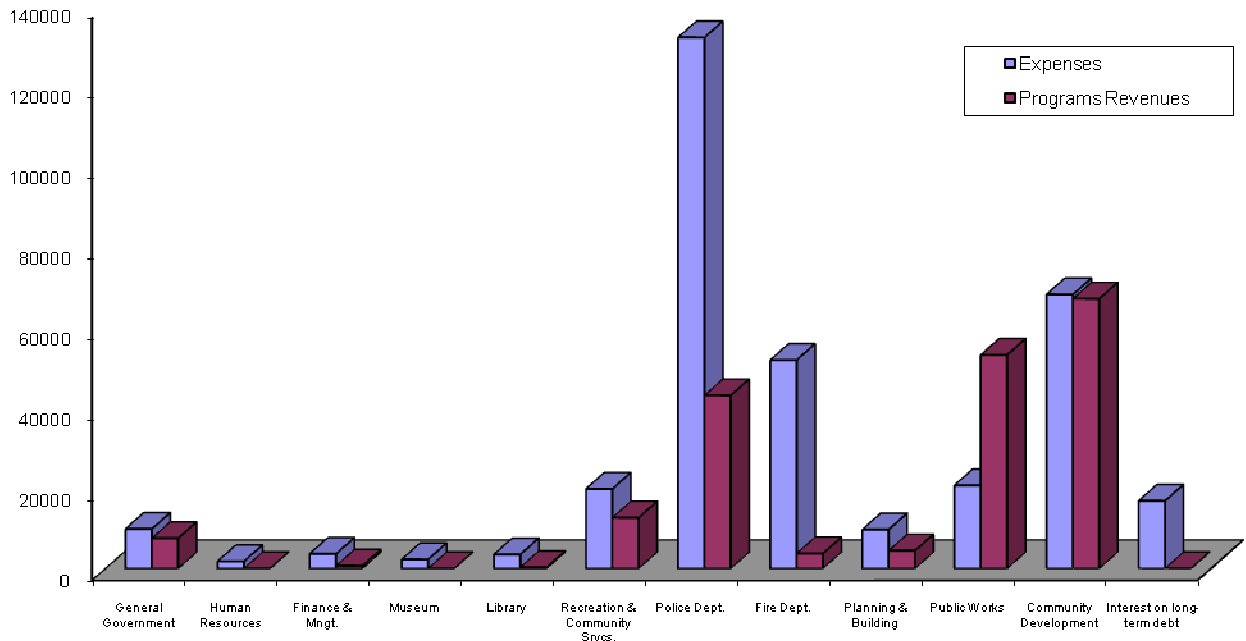
Governmental activities. Governmental activities increased the City of Santa Ana's net assets by \$22,120, thereby accounting for 83.65 percent of the total growth in the net assets of the City of Santa Ana. Key elements of this increase are as follows:

City of Santa Ana's Changes in Net Assets

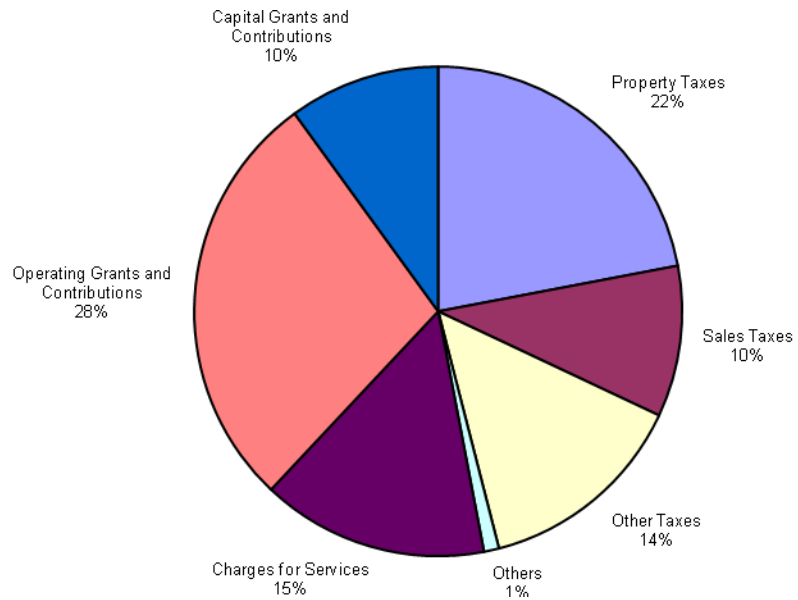
| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-------------------|--------------------------|-------------------|---------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Program revenues: | | | | | | |
| Charges for services | \$ 55,288 | \$ 51,451 | \$ 84,526 | \$ 76,251 | \$ 139,814 | \$ 127,702 |
| Operating grants and contribution | 99,887 | 72,232 | - | 6,442 | 99,887 | 78,674 |
| Capital grants and contribution | 37,218 | 38,694 | - | - | 37,218 | 38,694 |
| General revenues: | | | | | | |
| Property taxes | 79,422 | 106,966 | - | - | 79,422 | 106,966 |
| Other taxes | 85,054 | 90,934 | - | - | 85,054 | 90,934 |
| Intergovernmental, unrestricted | 1,255 | 1,203 | - | - | 1,255 | 1,203 |
| Investment income | 2,862 | 4,613 | 255 | 463 | 3,117 | 5,076 |
| Others | 1,089 | 542 | - | - | 1,089 | 542 |
| Total revenues | <u>362,075</u> | <u>366,635</u> | <u>84,781</u> | <u>83,156</u> | <u>446,856</u> | <u>449,791</u> |
| Expenses: | | | | | | |
| General government | 9,839 | 13,718 | - | - | 9,839 | 13,718 |
| Human resources | 1,763 | 2,056 | - | - | 1,763 | 2,056 |
| Finance and management services | 3,625 | 4,682 | - | - | 3,625 | 4,682 |
| Museum | 2,260 | 2,413 | - | - | 2,260 | 2,413 |
| Library | 3,470 | 4,427 | - | - | 3,470 | 4,427 |
| Recreation and community services | 19,797 | 21,097 | - | - | 19,797 | 21,097 |
| Police department | 132,066 | 125,224 | - | - | 132,066 | 125,224 |
| Fire department | 51,819 | 49,812 | - | - | 51,819 | 49,812 |
| Planning and building | 9,676 | 11,796 | - | - | 9,676 | 11,796 |
| Public works | 20,662 | 18,054 | - | - | 20,662 | 18,054 |
| Community development | 68,150 | 53,598 | - | - | 68,150 | 53,598 |
| Interest on long-term debt | 16,828 | 16,580 | - | - | 16,828 | 16,580 |
| Water | - | - | 45,727 | 41,911 | 45,727 | 41,911 |
| Parking | - | - | 2,824 | 2,767 | 2,824 | 2,767 |
| Refuse | - | - | 16,716 | 13,205 | 16,716 | 13,205 |
| Transportaion center | - | - | 1,423 | 1,422 | 1,423 | 1,422 |
| Sewer | - | - | 3,486 | 3,141 | 3,486 | 3,141 |
| Sanitation | - | - | 8,072 | 7,781 | 8,072 | 7,781 |
| Federal clean water protection | - | - | 2,210 | 2,217 | 2,210 | 2,217 |
| Total expenses | <u>339,955</u> | <u>323,457</u> | <u>80,458</u> | <u>72,444</u> | <u>420,413</u> | <u>395,901</u> |
| Increase in net assets before transfers | <u>22,120</u> | <u>43,178</u> | <u>4,323</u> | <u>10,712</u> | <u>26,443</u> | <u>53,890</u> |
| Transfers in (out) | - | 50 | - | (50) | - | - |
| Increase in net assets | <u>22,120</u> | <u>43,228</u> | <u>4,323</u> | <u>10,662</u> | <u>26,443</u> | <u>53,890</u> |
| Net assets beginning | <u>872,721</u> | <u>829,493</u> | <u>114,922</u> | <u>104,260</u> | <u>987,643</u> | <u>933,753</u> |
| Net assets ending | <u>\$ 894,841</u> | <u>\$ 872,721</u> | <u>\$ 119,245</u> | <u>\$ 114,922</u> | <u>\$ 1,014,086</u> | <u>\$ 987,643</u> |

- Property taxes decreased by \$27,544 (25.75 percent) during the year. The decrease was primarily due to the overall depressed property sales and a decline in assessed valuations. As a result of the downturn in the local economy, sales taxes for governmental activities decreased by \$5,203 (13.11 percent). Investment income decreased by \$1,751 (37.96 percent), due to the decrease in the average yield on investments. Operating grants, and contributions for governmental activities increased by \$27,655 (38.29 percent) as a result of the State released of the prior year withholding distributions and the grant received from the American Recovery and Reinvestment Act (ARRA). The grant awards provided resources to support three functions: police services, community development services and public works services. The total expenses in Governmental Activities increased 5.10% as compared to fiscal year 08-09. The increase in expenses was primarily due to the spending on the grants received.

Expenses and Program Revenues - Government Activities



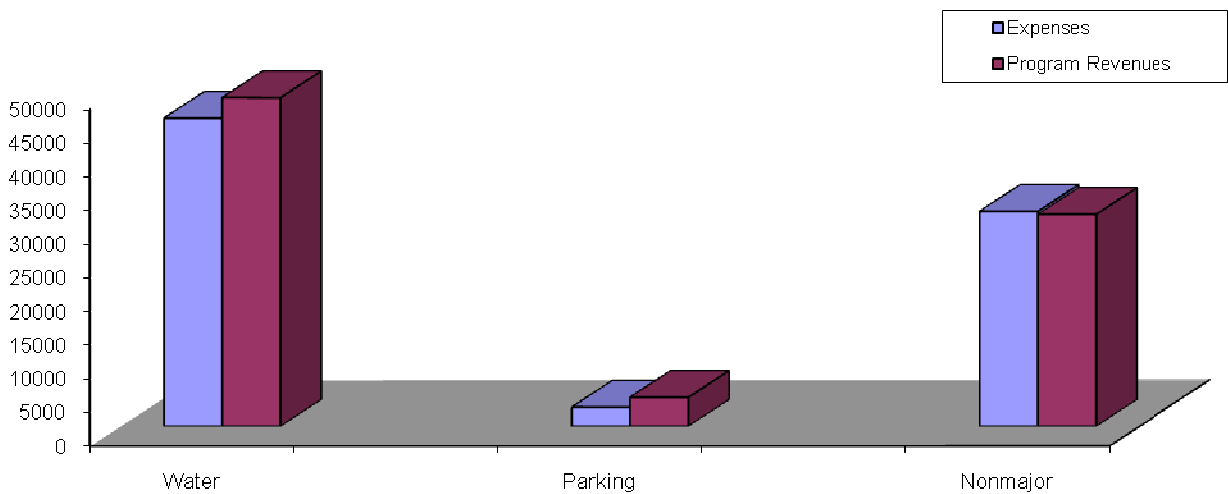
Revenue by Source - Governmental Activities



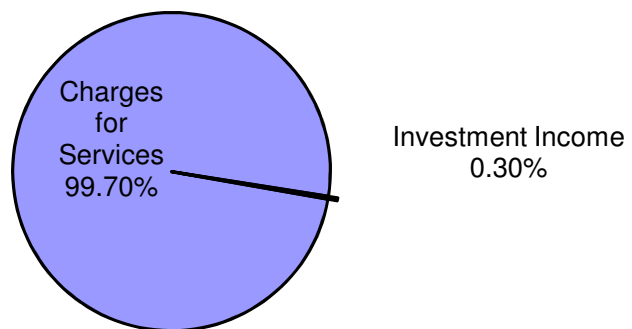
Business-type activities. Business-type activities increased the City of Santa Ana's net assets by \$4,323, accounting for 16.29 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$8,275 (10.85 percent) as compared to the prior fiscal year. The Water Enterprise accounted for \$1,444, Parking Funds accounted for an increase of \$13. The nonmajor enterprise funds accounted for the increase of \$6,818.
- Investment earnings decreased by (\$208) (-44.92 percent) for business-type activities because of overall decrease in the size of the investment portfolio due to the increase in capital improvement expenses and the decrease in the average yield on investments.
- Total expenses for business-type activities increased by \$8,013 (11.06 percent) as compared to the prior fiscal year. The increases were primarily due to the increased costs of providing the services in 2009-2010.

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 of Santa Ana uses fund accounting to ensure a demonstrated compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Santa Ana'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 of Santa Ana's financing requirements. In particular, *unrestricted 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 of Santa Ana's governmental funds reported combined ending fund balances of \$202,439. The negative (\$66,379) constitutes *unassigned fund balance*. The remainder of fund balance is allocated: 1) to the City's future needs for \$9,340; 2) to the nonexpendable items for \$12,354; and 3) to the restricted for specific spending for \$247,124.

The General Fund is the chief operating fund of the City of Santa Ana. At the end of the current fiscal year, the fund balance of the general fund was \$8,471 as compared to \$16,336 in fiscal year 08-09. The 48.14 percent reduction is primarily due to the overall downturn in the economy. Santa Ana's major revenue sources for the general fund have continued to experience significant declines. In fiscal year 09-10, property taxes decreased 8.7% and sales taxes decreased 13.11% when compared to fiscal year 08-09. The City responded to the financial challenges by implementing cost reduction strategies which included departmental consolidations/reorganizations, maintaining vacancies, reductions in force and achieving concessions by renegotiating bargaining group agreements. Total General Fund actual expenditures decreased 8.37% in fiscal year 09-10. Unfortunately, the declines in revenue were far greater than originally anticipated.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance in the General Fund was \$2,962 represents 1.39 percent of total general fund expenditures, while total fund balance represents 3.98 percent of that same amount. The City has been implementing a strategic financial plan to address impacts of the current economic situation on its budget.

The Special Revenue Grants' fund balance is \$4,563 in fiscal year 09-10 as compared to the fund balance of \$4,875 in fiscal year 08-09. The 6.4% decrease is due to the rapid spending grants received to meet the allowable grant period.

The Special Revenue Housing Authority's fund balance is \$3,698 in fiscal year 09-10 as compared to the fund balance of \$5,107 in fiscal year 08-09. The 27.6 percent decrease is due to the aggressive plan to provide rental subsidy to very low-income residents.

The Special Revenue Gas Tax Fund had a net decrease of \$16,762 in the current fiscal year. The decrease is primarily due to the spending on the proceeds received from the issuance of the Gas Tax Revenue Certificates of Participation for the 2007 Local Street Improvement Project.

The Capital Projects Community Redevelopment Agency fund had a decrease of \$1,814 in the current year. The decrease is due primarily to greater increased pass-through payments to the State of California Supplemental Education Revenue Augmentation Fund (SERAF).

The Capital Projects Street Construction Fund ended with a fund balance of \$23,646 in fiscal year 09-10 as compared to the fund balance of \$23,344 in fiscal year 08-09. The increase was primarily due to the advance received from OCTA for Bristol Street Widening Project.

The RDA Debt Service Fund has a deficit fund balance of (\$64,784), of which \$3,546 is restricted for payment of debt service. This negative number is largely due to the RDA obligation to the SAFA (Santa Ana Financing Authority).

The SAFA Debt Service Fund has a total fund balance of \$75,503, of which \$7,173 is restricted for payment of debt service. The \$68,330 restricted fund balance in Community development is attributable to the purchase of the 1989 Tax Allocation Bonds, which were issued by RDA and subsequently acquired by the SAFA in 1999. As required by GASB Statement No. 34, the intra-entity obligation between the RDA Debt Service Fund and the SA Financing Authority of \$68,330 was eliminated from the government-wide financial statements because repayment is not expected within a reasonable period. The fund balance decreased by \$4,027 primarily due to principal repayments of the refunding lease revenue bonds.

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

The Water fund ended with total net assets of \$70,443 in fiscal year 09-10 as compared to the net assets of \$67,240 in fiscal year 08-09. The 4.76 percent increase was primarily due to the increase in revenues, and capital projects being carried over to fiscal year 10-11.

The Parking fund ended with total net assets of \$8,317 in fiscal year 09-10 as compared to the net assets of \$6,821 in fiscal year 08-09. The increase was primarily due to the rate charges for services increased.

Unrestricted net assets of the of the business-type activities at the end of the year amounted to \$34,201 as compared to \$24,745 in fiscal year 08-09. As indicated earlier, the 38.2 percent increase was primarily due to the increase in revenues, capital projects being carried over to fiscal year 10-11, and the reclassifications for fiscal year 09-10. (See Note 5 on page 105).

General Fund Budgetary Highlights

During the year, there was a \$4,388 increase in appropriations between the original and final amended budget. Following are the main components of the increase (decrease):

- \$4,275 to roll forward 2008-09 active purchase orders provided for in prior reserve balances and budgets.
- \$12 supplemental appropriation to the Planning and Building Agency in anticipation of the revenue received from various building plan checks.
- \$50 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the fund received from LA 84 Foundation for Memorial pool and other aquatic program.
- \$4 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the fund received from Gisela's Mexican Food (DYSC Vending Truck).
- \$2 supplemental appropriation to the Police department in anticipation of the fund received from Target Stores for the Graffiti Task Force.
- \$11 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the fund received from TowerCo, LLC for cell tower equipment at Heritage, Rosita and Windsor parks.
- \$33 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the fund received from Omnipont Communications for the Rosita Park cell tower.

General Fund revenues of \$193,019 were under budgeted revenues of \$206,236 by \$13,217 (6.4%). The short fall was primarily due the unfavorable variances for the following revenues: sales taxes (\$3,613), property taxes (3,472), Utility Users Taxes (2,002), hotels visitors' taxes (386), business taxes (639), charges for services (3,472), fines and forfeits (2,122). However the favorable variance for Police Jail facility rental was \$1,216. Overall, the unfavorable variances were due to the downturn in the economy. General Fund expenditures were less than budgeted. The variances were primarily due to the saving in administrative cost.

Capital Asset and Debt Administration

Capital assets. The City of Santa Ana’s investment in capital assets for its governmental and business- type activities as of June 30, 2010, was \$999,424 (net of accumulated depreciation). This investment in capital assets includes land, right of way, street trees, buildings, improvements, machinery and equipment, park facilities, streets, and bridges.

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

| | Governmental | | Business-type | | Total | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Activities | | Activities | | | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Land | \$ 12,124 | \$ 14,036 | \$ 7,987 | \$ 7,987 | \$ 20,111 | \$ 22,023 |
| Rights of way | 427,119 | 427,118 | 0 | 0 | 427,119 | 427,118 |
| Street trees | 7,031 | 5,963 | 0 | 0 | 7,031 | 5,963 |
| Construction in progress | 115,400 | 69,706 | 3,826 | 3,164 | 119,226 | 72,870 |
| Building | 98,255 | 104,241 | 3,214 | 3,433 | 101,469 | 107,674 |
| Improvements | 35,330 | 35,784 | 76,726 | 77,674 | 112,056 | 113,458 |
| Equipment | 11,858 | 14,592 | 4,572 | 4,812 | 16,430 | 19,404 |
| Infrastructure | 182,403 | 184,322 | 12,023 | 12,438 | 194,426 | 196,760 |
| Intangible | 0 | 0 | 279 | 0 | 279 | 0 |
| Library materials | 1,277 | 1,336 | 0 | 0 | 1,277 | 1,336 |
| Total | \$ 890,797 | \$ 857,098 | \$ 108,627 | \$ 109,508 | \$ 999,424 | \$ 966,606 |

At the end of the current fiscal year, the City total assets increased by \$32,817 (3.40 percent). The increase is primarily due to the City wide local streets improvement projects and the Water Main improvements. Additional information on the City of Santa Ana’s capital assets can be found in Note 3C on pages 74-76 of this report.

Long-term debt. At the end of the current fiscal year, the City of Santa Ana had total bonded debt and loans outstanding of \$302,219. Of this amount, \$122,453 comprises debt backed by the full faith and credit of the government, \$166,110 represents bonds secured solely by specified revenue sources, \$4,342 in capitalized lease obligations and \$9,314 in long-term loans.

City of Santa Ana

Long-term Bonded Debt and Loans

| | Governmental | | Business-type | | Total | |
|---|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | Activities | | Activities | | | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Tax allocation bonds | \$ 18,010 | \$ 18,520 | \$ - | \$ - | \$ 18,010 | \$ 18,520 |
| Tax allocation refunding bonds | 22,770 | 24,500 | - | - | 22,770 | 24,500 |
| Capital leases | 4,342 | 5,705 | - | - | 4,342 | 5,705 |
| Certificates-of-participation | 77,515 | 77,845 | - | - | 77,515 | 77,845 |
| Revenue bonds | 149,860 | 158,710 | 16,250 | 17,060 | 166,110 | 175,770 |
| Long-term loans and notes | 8,006 | 8,329 | 1,308 | 1,459 | 9,314 | 9,788 |
| Refunding certificates-of-participation | | | 7,755 | 8,680 | 7,755 | 8,680 |
| Less: deferred amounts | (5,494) | (5,989) | (774) | (853) | (6,268) | (6,842) |
| Add: bond premium | 2,671 | 3,100 | - | - | 2,671 | 3,100 |
| Total | \$ 277,680 | \$ 290,720 | \$ 24,539 | \$ 26,346 | \$ 302,219 | \$ 317,066 |

At the end of the current fiscal year, the Governmental Activities long-term debt decreased by (\$13,040) and the Long-term debt in Business-type Activities decreased (\$1,807). The decreases represented the principal repayments of existing debts. Additional information on the City of Santa Ana's long-term debt can be found in Note 3E on pages 79 through 91.

The City of Santa Ana maintains an "A" rating from Standard & Poor's and an "A1" by Moody's. The City currently has no general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Santa Ana is \$512,796.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Orange County Metropolitan Statistical Area was 12.2 percent in June 2010, an increase from a rate of 9.3 percent a year ago. This compares favorably to the state's average unemployment rate of 12.2 percent and the national average rate of 9.6 percent.
- Consistent with the condition of the national economy, the California financial outlook will continue to be volatile. At the local level, Santa Ana's major revenues sources continued to show signs of the economy's downturn.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Santa Ana's budget for the 2010-2011 fiscal year.

During the current fiscal year, total fund balance in the general fund was \$8,471. The City of Santa Ana has reserved \$5,509 of this amount to roll forward 2009-10 active purchase orders to the 2010-2011 fiscal year.

Even during difficult economic times, the city continues to maintain high-quality services at low cost to customers. The City Council reaffirmed in 2010-11 budget year by retaining the 2009-2010 Water Collection rates. However, the Refuse Collection rates increased for the 2010-11 budget year. The average increase in the refuse rates was 9.1 percent. The refuse rate increases were necessary to cover the increased costs of providing the services in 2010-2011.

Requests for Information

This financial report is designed to provide a general overview of the City of Santa Ana'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 & Mgmt. Services, City of Santa Ana, 20 Civic Center Plaza, Santa Ana, CA 92701.



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Basic Financial Statements

Basic Financial Statements



CITY OF SANTA ANA, CALIFORNIA

Government - wide Financial Statements



Statement of Net Assets
June 30, 2010

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------------|
| Assets: | | | |
| Cash and investments (Note 3A) | \$ 234,197,672 | 30,443,544 | \$ 264,641,216 |
| Receivables (net of allowance for uncollectibles): | | | |
| Taxes | 9,553,774 | - | 9,553,774 |
| Interest | 862,855 | 47,352 | 910,207 |
| Accounts | 410,108 | 12,256,268 | 12,666,376 |
| Allowance for uncollectible accounts | - | (298,077) | (298,077) |
| Intergovernmental | 16,430,794 | - | 16,430,794 |
| Loans and notes | 76,653,020 | - | 76,653,020 |
| Internal balances | (2,000,000) | 2,000,000 | - |
| Inventory of supplies | 1,122,590 | - | 1,122,590 |
| Restricted assets: | | | |
| Cash and investments (Note 3A) | 27,298,161 | 659,452 | 27,957,613 |
| Cash and investments with fiscal agents (Note 3A) | 18,781,415 | 187 | 18,781,602 |
| Land held for resale | 29,275,253 | - | 29,275,253 |
| Capital assets, undepreciated (Note 3C) | 561,673,834 | 11,813,436 | 573,487,270 |
| Capital assets, net of accumulated depreciation (Note 3C) | 329,123,376 | 96,813,859 | 425,937,235 |
| Total assets | <u>1,303,382,852</u> | <u>153,736,021</u> | <u>1,457,118,873</u> |
| Liabilities: | | | |
| Accounts payable | 17,265,314 | 6,628,408 | 23,893,722 |
| Interest payable | 5,849,897 | 276,296 | 6,126,193 |
| Retention payable | 218,675 | 7,784 | 226,459 |
| Due to governmental agencies | 5,982,689 | - | 5,982,689 |
| Customer's deposits | 641,564 | 1,340,027 | 1,981,591 |
| Unearned revenue | 19,224,414 | - | 19,224,414 |
| Non current liabilities- due within one year (Note 3E) | 33,907,577 | 2,318,857 | 36,226,434 |
| Non current liabilities- due over one year (Note 3E) | 305,284,704 | 23,314,052 | 328,598,756 |
| Postemployment benefits obligation(Note 4F) | 20,166,647 | 605,353 | 20,772,000 |
| Total liabilities | <u>408,541,481</u> | <u>34,490,777</u> | <u>443,032,258</u> |
| Net Assets: | | | |
| Invested in capital assets, net of related debt | 723,056,800 | 84,088,121 | 807,144,921 |
| Restricted for: | | | |
| Debt service | 8,196,949 | - | 8,196,949 |
| Capital projects | 103,620,621 | - | 103,620,621 |
| National Pollution Discharge Elimination System | - | 956,200 | 956,200 |
| Special reveue grants | 5,102,781 | - | 5,102,781 |
| Special revenue Housing Authority | 3,697,680 | - | 3,697,680 |
| Local street improvements | 36,011,985 | - | 36,011,985 |
| Unrestricted | 15,154,555 | 34,200,923 | 49,355,478 |
| Total net assets | <u>\$ 894,841,371</u> | <u>119,245,244</u> | <u>\$ 1,014,086,615</u> |

See accompanying notes to the basic financial statements.

Statement of Activities
Year ended June 30, 2010

| | Expenses | Program Revenues | | |
|-----------------------------------|----------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 9,839,034 | 3,990,361 | 3,534,851 | - |
| Human resources | 1,762,575 | - | - | - |
| Finance and management services | 3,625,035 | 668,874 | - | - |
| Museum | 2,260,006 | - | - | - |
| Library | 3,470,577 | 69,599 | 208,390 | - |
| Recreation and community services | 19,797,036 | 3,161,595 | 7,772,609 | 1,702,599 |
| Police department | 132,066,593 | 22,257,696 | 20,792,695 | - |
| Fire department | 51,818,665 | 3,112,298 | 604,617 | - |
| Planning and building | 9,675,635 | 4,033,051 | 402,707 | - |
| Public works | 20,662,110 | 11,673,371 | 5,913,205 | 35,514,988 |
| Community development | 68,149,990 | 6,321,267 | 60,658,234 | - |
| Interest on long-term debt | 16,827,930 | - | - | - |
| Total governmental activities | \$ 339,955,186 | 55,288,112 | 99,887,308 | 37,217,587 |
| Business-type activities: | | | | |
| Water | 45,726,750 | 48,781,762 | - | - |
| Parking | 2,824,045 | 4,287,411 | - | - |
| Refuse collections | 16,715,842 | 14,988,036 | - | - |
| Transportation center | 1,423,203 | 1,232,653 | - | - |
| Sewer | 3,484,925 | 4,816,446 | - | - |
| Sanitation | 8,072,232 | 7,945,762 | - | - |
| Federal clean water protection | 2,210,294 | 2,473,584 | - | - |
| Total business-type activities | 80,457,291 | 84,525,654 | - | - |
| Total | \$ 420,412,477 | 139,813,766 | 99,887,308 | 37,217,587 |

General revenues:

Property taxes
Sales taxes shared revenue
Hotels visitors' taxes
Utility users taxes
Business taxes
Franchise taxes
Other taxes
Intergovernmental, unrestricted
Investment income
Other revenues

Total general revenues

Change in net assets
Net assets - beginning

Net assets - ending

See accompanying notes to the basic financial statements.

| Net (Expense) Revenue and Changes in Net Assets | | |
|--|-----------------------------|-------------------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ (2,313,822) | \$ - | \$ (2,313,822) |
| (1,762,575) | - | (1,762,575) |
| (2,956,161) | - | (2,956,161) |
| (2,260,006) | - | (2,260,006) |
| (3,192,588) | - | (3,192,588) |
| (7,160,233) | - | (7,160,233) |
| (89,016,202) | - | (89,016,202) |
| (48,101,750) | - | (48,101,750) |
| (5,239,877) | - | (5,239,877) |
| 32,439,454 | - | 32,439,454 |
| (1,170,489) | - | (1,170,489) |
| (16,827,930) | - | (16,827,930) |
| <u>\$ (147,562,179)</u> | <u>\$ -</u> | <u>\$ (147,562,179)</u> |
| - | 3,055,012 | 3,055,012 |
| - | 1,463,366 | 1,463,366 |
| - | (1,727,806) | (1,727,806) |
| - | (190,550) | (190,550) |
| - | 1,331,521 | 1,331,521 |
| - | (126,470) | (126,470) |
| - | 263,290 | 263,290 |
| <u>-</u> | <u>4,068,363</u> | <u>4,068,363</u> |
| <u>\$ (147,562,179)</u> | <u>\$ 4,068,363</u> | <u>\$ (143,493,816)</u> |
| 79,421,834 | - | 79,421,834 |
| 34,495,752 | - | 34,495,752 |
| 5,650,400 | - | 5,650,400 |
| 26,097,219 | - | 26,097,219 |
| 9,944,049 | - | 9,944,049 |
| 7,777,112 | - | 7,777,112 |
| 1,089,673 | - | 1,089,673 |
| 1,254,747 | - | 1,254,747 |
| 2,862,352 | 254,628 | 3,116,980 |
| 1,089,110 | - | 1,089,110 |
| <u>169,682,248</u> | <u>254,628</u> | <u>169,936,876</u> |
| 22,120,069 | 4,322,991 | 26,443,060 |
| 872,721,302 | 114,922,253 | 987,643,555 |
| <u>\$ 894,841,371</u> | <u>\$ 119,245,244</u> | <u>\$ 1,014,086,615</u> |



CITY OF SANTA ANA, CALIFORNIA

Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Fund Financial Statements



Governmental Funds

Major Governmental Funds

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Grants Fund is a combined report of various grants awarded to the City by the Federal, State, and local governments not otherwise accounted for in the General Fund or Capital Projects Funds. A detailed report by program is available under a separate report meeting the criteria of 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 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 project not being financed by proprietary funds. The following Capital Project Fund has been classified as a major fund in the accompanying financial statements:

Community Redevelopment Agency Fund is a combined report of revenues and expenditures for the merged redevelopment project area authorized under the provisions of the California Redevelopment Law.

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.

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 Funds have been classified as major funds in the accompanying financial statements:

Community Redevelopment Agency (RDA) Funds account for the receipt of tax increment revenues which by State of California Law regulating redevelopment agencies, must be used for the payment of debt.

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 and the 1998 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.

Balance Sheet
Governmental Funds
June 30, 2010

| | General | Special Revenue Grants | Special Revenue Housing Authority | Special Revenue Gas Tax |
|--|----------------------|---------------------------|---|-------------------------------|
| Assets | | | | |
| Cash and investments (Note 3A) | \$ 11,587,070 | 3,675,117 | 3,840,009 | 4,700,874 |
| Investment in RDA Bonds | - | - | - | - |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes | 8,182,048 | - | - | - |
| Interest | 69,339 | 6,899 | 5,824 | 59,056 |
| Accounts | 305,006 | 26,981 | 15,154 | - |
| Intergovernmental | 2,699,003 | 6,775,281 | - | 248,199 |
| Loans and notes (Note 3F) | - | 37,821,691 | - | - |
| Due from other funds (Note 3D) | - | - | - | - |
| Advances to other funds (Note 3D) | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments (Note 3A) | - | - | - | 27,020,532 |
| Cash and investments with fiscal agents (Note 3A) | 205,544 | 39,870 | 294,065 | 4,213,529 |
| Court deposits | - | - | - | - |
| Land held for resale | - | - | - | - |
| Total assets | <u>\$ 23,048,010</u> | <u>48,345,839</u> | <u>4,155,052</u> | <u>36,242,190</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,913,706 | 2,650,153 | 148,153 | 230,205 |
| Interest payable | 30,054 | - | - | - |
| Retention payable | - | - | - | - |
| Due to other funds (Note 3D) | - | - | - | - |
| Due to other governmental agencies | - | - | - | - |
| Deferred revenues | 6,493,667 | 41,131,698 | 309,219 | - |
| Deposits | - | - | - | - |
| Advances payable to other funds (Note 3D) | 5,140,000 | - | - | - |
| Obligation to SA Financing Authority | - | - | - | - |
| Total liabilities | <u>14,577,427</u> | <u>43,781,851</u> | <u>457,372</u> | <u>230,205</u> |
| Fund balances (deficit): | | | | |
| Nonexpendable: | | | | |
| Deposits | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Surplus property from street projects | - | - | - | - |
| Restricted for: | | | | |
| Community development | - | 133,133 | 3,697,680 | - |
| Debt service | - | - | - | - |
| Public safety | - | 3,538,378 | - | - |
| Street projects | - | - | - | 34,658,105 |
| Drainage construction | - | - | - | - |
| Other capital projects | - | - | - | - |
| Cultural recreation and community services | - | 892,477 | - | - |
| Land held for resale | - | - | - | - |
| Committed to: | | | | |
| Other purposes | 5,509,023 | - | - | - |
| Assigned to: | | | | |
| Continuing projects | - | - | - | 1,353,880 |
| Unassigned: | | | | |
| Total fund balances (deficit) | <u>8,470,583</u> | <u>4,563,988</u> | <u>3,697,680</u> | <u>36,011,985</u> |
| Total liabilities and fund balances | <u>\$ 23,048,010</u> | <u>48,345,839</u> | <u>4,155,052</u> | <u>36,242,190</u> |

See accompanying notes to the basic financial statements.

GOVERNMENTAL FUNDS

| Capital Projects Community Redevelopment Agency | Capital Projects Street Construction | Debt Service Community Redevelopment Agency | Debt Service SA Financing Authority | Nonmajor Governmental Funds | Total |
|--|--|--|---|-----------------------------------|-----------------------|
| 67,513,916 | 34,019,779 | 10,680,858 | 1,743,473 | 14,924,497 | \$ 152,685,593 |
| - | - | - | 68,330,000 | - | 68,330,000 |
| 46,119 | - | 1,325,607 | - | - | 9,553,774 |
| 97,829 | 48,959 | 185,711 | 4,739 | 22,499 | 500,855 |
| - | - | - | - | - | 347,141 |
| - | 5,055,211 | - | - | 1,653,100 | 16,430,794 |
| 38,831,329 | - | - | - | - | 76,653,020 |
| 321,287 | - | - | - | - | 321,287 |
| 8,702,359 | - | - | - | - | 8,702,359 |
| - | - | - | - | - | 27,020,532 |
| 11,615 | - | 8,587,541 | 5,429,251 | - | 18,781,415 |
| 100 | - | - | - | - | 100 |
| 25,623,503 | 3,651,750 | - | - | - | 29,275,253 |
| <u>141,148,057</u> | <u>42,775,699</u> | <u>20,779,717</u> | <u>75,507,463</u> | <u>16,600,096</u> | <u>\$ 408,602,123</u> |
| 438,697 | 6,258,721 | 2,227,337 | 4,463 | 447,686 | \$ 15,319,121 |
| - | - | - | - | - | 30,054 |
| - | 140,370 | - | - | 36,310 | 176,680 |
| - | - | 321,287 | - | 1,043,314 | 1,364,601 |
| - | - | 5,982,689 | - | - | 5,982,689 |
| 38,831,329 | 12,730,747 | - | - | 1,273,079 | 100,769,739 |
| 347,499 | - | - | - | - | 347,499 |
| - | - | 8,702,359 | - | - | 13,842,359 |
| - | - | 68,330,000 | - | - | 68,330,000 |
| <u>39,617,525</u> | <u>19,129,838</u> | <u>85,563,672</u> | <u>4,463</u> | <u>2,800,389</u> | <u>206,162,742</u> |
| 100 | - | - | - | - | 100 |
| 8,702,359 | - | - | - | - | 8,702,359 |
| - | 3,651,750 | - | - | - | 3,651,750 |
| 67,204,570 | - | - | 68,330,000 | 1,051,166 | 140,416,549 |
| - | - | 3,546,045 | 7,173,000 | - | 10,719,045 |
| - | - | - | - | 265,813 | 3,804,191 |
| - | 17,516,538 | - | - | - | 52,174,643 |
| - | - | - | - | 4,495,247 | 4,495,247 |
| - | - | - | - | 5,236,102 | 5,236,102 |
| - | - | - | - | 3,761,759 | 4,654,236 |
| 25,623,503 | - | - | - | - | 25,623,503 |
| - | - | - | - | - | 5,509,023 |
| - | 2,477,573 | - | - | - | 3,831,453 |
| - | - | (68,330,000) | - | (1,010,380) | (66,378,820) |
| <u>101,530,532</u> | <u>23,645,861</u> | <u>(64,783,955)</u> | <u>75,503,000</u> | <u>13,799,707</u> | <u>202,439,381</u> |
| <u>141,148,057</u> | <u>42,775,699</u> | <u>20,779,717</u> | <u>75,507,463</u> | <u>16,600,096</u> | <u>\$ 408,602,123</u> |



CITY OF SANTA ANA, CALIFORNIA

Comprehensive
Annual Financial Report

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010**

| | | | |
|---|---------------------|----|---------------------------|
| Fund balances of governmental funds | | \$ | 202,439,381 |
| Amounts reported for governmental activities in the statement of net assets 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. | | | 878,916,321 |
| Long-term liabilities, including bonds payable, loans, capital leases, and compensated absences, are not due and payable in the current period and, therefore are not reported in the funds. This amount does not include the long-term liabilities of the internal service funds which are included below. | | | |
| Long-term debt | (293,594,770) | | |
| Compensated absences | <u>(36,309,949)</u> | | (329,904,719) |
| Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds. | | | (5,819,843) |
| Long-term receivable are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental fund | | | 81,428,706 |
| 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 unrestricted in the governmental activities in the statement of net assets. | | | <u>67,781,525</u> |
| Net assets of governmental activities | | \$ | <u><u>894,841,371</u></u> |

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2010

| | General | Special Revenue Grants | Special Revenue Housing Authority | Special Revenue Gas Tax |
|--|---------------------|---------------------------|---|-------------------------------|
| Revenues: | | | | |
| Taxes | \$ 138,722,610 | - | - | - |
| License and permits | 2,830,743 | - | - | - |
| Intergovernmental | 2,349,978 | 48,634,315 | 29,860,427 | 5,913,205 |
| Charges for services | 8,750,696 | - | - | - |
| Fines and forfeits | 6,435,216 | - | - | - |
| Investment income | 200,675 | 33,864 | 36,089 | 300,255 |
| Miscellaneous | 33,729,124 | 1,008,230 | 137,001 | - |
| Total revenues | <u>193,019,042</u> | <u>49,676,409</u> | <u>30,033,517</u> | <u>6,213,460</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 6,291,166 | - | - | - |
| Human resources | 1,580,612 | - | - | - |
| Finance and management services | 3,632,161 | - | - | - |
| Museum | 1,823,284 | - | - | - |
| Library | 2,965,430 | 336,279 | - | - |
| Recreation and community services | 13,694,900 | 1,192,349 | - | - |
| Police department | 106,391,097 | 18,549,569 | - | - |
| Fire department | 47,946,046 | 2,985,745 | - | - |
| Planning and building | 8,113,538 | 1,620,697 | - | - |
| Public works | 4,907,735 | - | - | 1,872,902 |
| Community development | 331,017 | 22,752,352 | 31,442,715 | - |
| Pass-through payments to districts and other agencies | - | - | - | - |
| County administrative charge | - | - | - | - |
| Capital Outlay | 635,243 | 2,370,806 | - | - |
| Debt Service: | | | | |
| Principal retirement | 1,017,642 | - | - | - |
| Interest and fiscal charges | 897,039 | - | - | 3,082,781 |
| Total expenditures | <u>200,226,910</u> | <u>49,807,797</u> | <u>31,442,715</u> | <u>4,955,683</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(7,207,868)</u> | <u>(131,388)</u> | <u>(1,409,198)</u> | <u>1,257,777</u> |
| Other financing sources (uses): | | | | |
| Transfers in (Note 3D) | 11,908,177 | - | - | - |
| Transfers out (Note 3D) | <u>(12,565,440)</u> | <u>(179,841)</u> | <u>-</u> | <u>(18,019,480)</u> |
| Total other financing sources (uses) | <u>(657,263)</u> | <u>(179,841)</u> | <u>-</u> | <u>(18,019,480)</u> |
| Net change in fund balances | (7,865,131) | (311,229) | (1,409,198) | (16,761,703) |
| Fund balances (deficit) - beginning | <u>16,335,714</u> | <u>4,875,217</u> | <u>5,106,878</u> | <u>52,773,688</u> |
| Fund balances (deficit) - ending | <u>\$ 8,470,583</u> | <u>4,563,988</u> | <u>3,697,680</u> | <u>36,011,985</u> |

See accompanying notes to the basic financial statements.

GOVERNMENTAL FUNDS

| Capital Projects Community Redevelopment Agency | Capital Projects Street Construction | Debt Service Community Redevelopment Agency | Debt Service SA Financing Authority | Nonmajor Governmental Funds | Total |
|--|--|--|---|-----------------------------------|-----------------------|
| - | - | 54,323,076 | - | 9,760 | \$ 193,055,446 |
| - | 14,071 | - | - | - | 2,844,814 |
| - | 35,255,327 | - | - | 6,226,743 | 128,239,995 |
| - | 80,104 | - | - | 1,316,455 | 10,147,255 |
| - | - | - | - | - | 6,435,216 |
| 602,340 | 282,249 | 16,726 | 475,378 | 124,821 | 2,072,397 |
| 2,492,359 | 377,300 | - | 5,109,447 | 1,513,814 | 44,367,275 |
| <u>3,094,699</u> | <u>36,009,051</u> | <u>54,339,802</u> | <u>5,584,825</u> | <u>9,191,593</u> | <u>387,162,398</u> |
| - | - | - | - | - | 6,291,166 |
| - | - | - | - | 241,396 | 1,822,008 |
| - | - | - | - | - | 3,632,161 |
| - | - | - | - | - | 1,823,284 |
| - | - | - | - | - | 3,301,709 |
| - | - | - | - | 3,617,094 | 18,504,343 |
| - | - | - | - | 1,473,195 | 126,413,861 |
| - | - | - | - | - | 50,931,791 |
| - | - | - | - | 183,933 | 9,918,168 |
| - | 2,891,327 | - | - | 125,588 | 9,797,552 |
| 12,568,585 | - | 374,497 | - | - | 67,469,166 |
| 17,889,256 | - | 10,203,805 | - | - | 28,093,061 |
| 97,269 | - | 389,077 | - | - | 486,346 |
| 64,917 | 50,824,923 | - | - | 2,585,219 | 56,481,108 |
| 377,668 | - | 2,240,000 | 8,850,000 | - | 12,485,310 |
| 132,975 | - | 8,046,014 | 8,609,937 | - | 20,768,746 |
| <u>31,130,670</u> | <u>53,716,250</u> | <u>21,253,393</u> | <u>17,459,937</u> | <u>8,226,425</u> | <u>418,219,780</u> |
| <u>(28,035,971)</u> | <u>(17,707,199)</u> | <u>33,086,409</u> | <u>(11,875,112)</u> | <u>965,168</u> | <u>(31,057,382)</u> |
| 27,585,069 | 18,009,480 | 1,282,125 | 9,130,425 | 522,785 | 68,438,061 |
| (1,362,600) | - | (35,209,159) | (1,282,125) | - | (68,618,645) |
| <u>26,222,469</u> | <u>18,009,480</u> | <u>(33,927,034)</u> | <u>7,848,300</u> | <u>522,785</u> | <u>(180,584)</u> |
| (1,813,502) | 302,281 | (840,625) | (4,026,812) | 1,487,953 | (31,237,966) |
| <u>103,344,034</u> | <u>23,343,580</u> | <u>(63,943,330)</u> | <u>79,529,812</u> | <u>12,311,754</u> | <u>233,677,347</u> |
| <u>101,530,532</u> | <u>23,645,861</u> | <u>(64,783,955)</u> | <u>75,503,000</u> | <u>13,799,707</u> | <u>\$ 202,439,381</u> |

**Reconciliation of the Statement of Revenues, Expenditures,
And Changes in the Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2010**

| | | |
|---|--------------------|----------------------|
| Net change in fund balances-total governmental funds | | \$ (31,237,966) |
| 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 | 56,481,108 | |
| Depreciation expense | (20,593,326) | |
| Net of deletion | <u>(2,377,198)</u> | 33,510,584 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund. | | 10,297,195 |
| 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 issuance of long-term debt issuance costs, premiums, 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. | | 10,924,417 |
| Accrued interest for long term liabilities including bonds payable. This is the net change in accrued interest for the current period. | | 689,029 |
| 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 are not reported as expenditures in governmental funds. | | (5,992,824) |
| 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 is reported with governmental activities. | | <u>3,929,634</u> |
| Change in net assets with governmental activities | | <u>\$ 22,120,069</u> |

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 full accrual 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.

Statement of Net Assets
Proprietary Funds
June 30, 2010

| | Water | Parking |
|---|----------------------|-------------------|
| Assets: | | |
| Current assets: | | |
| Cash and investments (Note 3A) | \$ 18,389,962 | 3,800,903 |
| Receivables: | | |
| Accounts | 8,330,519 | - |
| Allowance for uncollectible accounts | (271,567) | - |
| Interest | 20,901 | 8,419 |
| Due from other funds | - | - |
| Inventory of supplies | - | - |
| Total current assets | <u>26,469,815</u> | <u>3,809,322</u> |
| Noncurrent assets: | | |
| Advances to other funds (Note 3D) | 2,000,000 | - |
| Restricted cash and investments (Note 3A) | 659,452 | - |
| Cash and investments with fiscal agent (Note 3A) | 186 | 1 |
| Capital assets (Note 3C): | | |
| Land | 603,545 | 3,591,049 |
| Buildings | 223,583 | - |
| Improvements other than buildings | 109,325,998 | - |
| Equipment | 13,330,609 | 360,909 |
| Parking structures | - | 14,748,556 |
| Construction work in progress | 3,029,455 | - |
| Other assets | 278,589 | - |
| Less accumulated depreciation | (60,541,232) | (6,610,160) |
| Total capital assets (net of accumulated depreciation) | <u>66,250,547</u> | <u>12,090,354</u> |
| Total noncurrent assets | <u>68,910,185</u> | <u>12,090,355</u> |
| Total assets | <u>95,380,000</u> | <u>15,899,677</u> |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 5,606,464 | 13,200 |
| Retention payable | 7,784 | - |
| Compensated absences payable (current portion) (Note 3E) | 115,791 | 7,661 |
| Notes payable (current portion) (Note 3E) | 155,423 | - |
| Interest payable | 246,207 | 30,089 |
| Deposits payable | 1,329,027 | - |
| Claims payable (current portion) (Note 3E) | - | - |
| Capital lease payable (current portion) (Note 3E) | - | - |
| Revenue bonds payable (current portion) (Note 3E) | 830,000 | - |
| Certificates of participation payable (current portion) (Note 3E) | - | 1,060,000 |
| Total current liabilities | <u>8,290,696</u> | <u>1,110,950</u> |
| Noncurrent liabilities: | | |
| Compensated absences payable | 347,371 | 22,982 |
| Notes payable | 1,153,012 | - |
| Claims payable | - | - |
| Capital lease payable | - | - |
| Postemployment benefits obligation | 229,911 | 24,200 |
| Revenue bonds payable, net of deferred amounts | 14,916,009 | - |
| Certificate of participation payable, net of deferred amounts | - | 6,424,730 |
| Total noncurrent liabilities | <u>16,646,303</u> | <u>6,471,912</u> |
| Total liabilities | <u>24,936,999</u> | <u>7,582,862</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 49,196,103 | 4,605,624 |
| Restricted for : | | |
| National Pollution Discharge Elimination System | - | - |
| Unrestricted | 21,246,898 | 3,711,191 |
| Total net assets | <u>\$ 70,443,001</u> | <u>8,316,815</u> |

See Accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

| Nonmajor | Business-Type Activities- Enterprise Funds | | Governmental Activities- Internal Service Funds | |
|-------------------|---|--------------------|--|-------------------|
| <u>Nonmajor</u> | <u>Total</u> | | <u>Total</u> | |
| 8,252,679 | \$ | 30,443,544 | \$ | 81,512,079 |
| 3,925,749 | | 12,256,268 | | 62,967 |
| (26,510) | | (298,077) | | - |
| 18,032 | | 47,352 | | 184,454 |
| - | | - | | 1,043,314 |
| - | | - | | 1,122,590 |
| <u>12,169,950</u> | | <u>42,449,087</u> | | <u>83,925,404</u> |
| - | | 2,000,000 | | 3,140,000 |
| - | | 659,452 | | 277,629 |
| - | | 187 | | - |
| 3,792,491 | | 7,987,085 | | - |
| 8,607,909 | | 8,831,492 | | - |
| 41,345,826 | | 150,671,824 | | 859,017 |
| 9,303,242 | | 22,994,760 | | 33,295,920 |
| 4,817,296 | | 19,565,852 | | - |
| 796,896 | | 3,826,351 | | 5,855,601 |
| - | | 278,589 | | - |
| (38,377,266) | | (105,528,658) | | (28,129,649) |
| <u>30,286,394</u> | | <u>108,627,295</u> | | <u>11,880,889</u> |
| <u>30,286,394</u> | | <u>111,286,934</u> | | <u>15,298,518</u> |
| <u>42,456,344</u> | | <u>153,736,021</u> | | <u>99,223,922</u> |
| 1,008,744 | | 6,628,408 | | 1,946,193 |
| - | | 7,784 | | 41,995 |
| 149,982 | | 273,434 | | 429,025 |
| - | | 155,423 | | - |
| - | | 276,296 | | - |
| 11,000 | | 1,340,027 | | - |
| - | | - | | 9,540,000 |
| - | | - | | 1,012,925 |
| - | | 830,000 | | - |
| - | | 1,060,000 | | - |
| <u>1,169,726</u> | | <u>10,571,372</u> | | <u>12,970,138</u> |
| 449,948 | | 820,301 | | 1,287,071 |
| - | | 1,153,012 | | - |
| - | | - | | 13,945,804 |
| - | | - | | 2,117,364 |
| 351,242 | | 605,353 | | 1,122,020 |
| - | | 14,916,009 | | - |
| - | | 6,424,730 | | - |
| <u>801,190</u> | | <u>23,919,405</u> | | <u>18,472,259</u> |
| <u>1,970,916</u> | | <u>34,490,777</u> | | <u>31,442,397</u> |
| 30,286,394 | | 84,088,121 | | 8,750,600 |
| 956,200 | | 956,200 | | - |
| 9,242,834 | | 34,200,923 | | 59,030,925 |
| <u>40,485,428</u> | \$ | <u>119,245,244</u> | \$ | <u>67,781,525</u> |

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2010

| | Water | Parking |
|--|----------------------|------------------|
| Operating revenues: | | |
| Charges for services | \$ 48,581,648 | 3,696,053 |
| Miscellaneous | 200,114 | 591,358 |
| Total operating revenues | <u>48,781,762</u> | <u>4,287,411</u> |
| Operating expenses: | | |
| Cost of goods sold | - | - |
| Personal services | 4,315,260 | 642,468 |
| Contractual services | 10,862,094 | 1,101,542 |
| Materials and supplies | 10,969,682 | 25,537 |
| Other services and charges | 16,395,679 | 279,452 |
| Administration | - | - |
| Insurance | - | - |
| Provision for self-insured losses | - | - |
| Depreciation | 2,400,464 | 326,543 |
| Total operating expenses | <u>44,943,179</u> | <u>2,375,542</u> |
| Operating income (loss) | <u>3,838,583</u> | <u>1,911,869</u> |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 147,549 | 32,333 |
| Interest expense | (783,571) | (448,503) |
| Total nonoperating revenues (expenses) | <u>(636,022)</u> | <u>(416,170)</u> |
| Income (loss) before transfers | 3,202,561 | 1,495,699 |
| Transfers in (Note 3D) | - | - |
| Transfers out (Note 3D) | - | - |
| Change in net assets | <u>3,202,561</u> | <u>1,495,699</u> |
| Net assets - beginning | <u>67,240,440</u> | <u>6,821,116</u> |
| Net assets - ending | <u>\$ 70,443,001</u> | <u>8,316,815</u> |

See accompanying notes to the basic financial statements.

PROPRIETARY FUNDS

| Nonmajor | Business-Type Activities- Enterprise Funds | | Governmental Activities- Internal Service Funds |
|------------|---|---------------|--|
| | Total | | |
| 25,063,213 | \$ 77,340,914 | \$ 70,557,350 | |
| 6,393,268 | 7,184,740 | 3,126,210 | |
| 31,456,481 | 84,525,654 | 73,683,560 | |
| 64 | 64 | 1,825,907 | |
| 6,519,585 | 11,477,313 | 16,036,475 | |
| 10,557,484 | 22,521,120 | 8,361,858 | |
| 532,809 | 11,528,028 | 4,086,925 | |
| 13,340,596 | 30,015,727 | 2,945,542 | |
| - | - | 5,560,570 | |
| - | - | 22,411,671 | |
| - | - | 7,130,858 | |
| 955,958 | 3,682,965 | 2,072,561 | |
| 31,906,496 | 79,225,217 | 70,432,367 | |
| (450,015) | 5,300,437 | 3,251,193 | |
| 74,746 | 254,628 | 612,403 | |
| - | (1,232,074) | (114,546) | |
| 74,746 | (977,446) | 497,857 | |
| (375,269) | 4,322,991 | 3,749,050 | |
| - | - | 2,922,230 | |
| - | - | (2,741,646) | |
| (375,269) | 4,322,991 | 3,929,634 | |
| 40,860,697 | 114,922,253 | 63,851,891 | |
| 40,485,428 | \$ 119,245,244 | \$ 67,781,525 | |

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2010

| | Water | Parking |
|--|----------------------|--------------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 47,989,900 | 3,705,099 |
| Receipts from interfund services provided | - | - |
| Receipts from other operating sources | 200,114 | 591,358 |
| Payments to suppliers for goods and services | (37,855,895) | (1,416,920) |
| Payments from interfund services used | - | - |
| Payments to employees | (4,216,918) | (626,402) |
| Net cash provided by operating activities | <u>6,117,201</u> | <u>2,253,135</u> |
| Cash flows from noncapital financing activities: | | |
| Transfer in | - | - |
| Transfer out | - | - |
| Net cash provided by (used for) noncapital financing activities | <u>-</u> | <u>-</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (2,004,889) | - |
| Retirement of long-term liabilities | (960,122) | (925,000) |
| Interest paid | (757,916) | (407,312) |
| Net cash used for capital and related financing activities | <u>(3,722,927)</u> | <u>(1,332,312)</u> |
| Cash flows from investing activities: | | |
| Interest received | 68,928 | 43,443 |
| Net increase in the fair value of investment | 84,911 | - |
| Net cash provided by investing activities | <u>153,839</u> | <u>43,443</u> |
| Net increase in cash and cash equivalents | 2,548,113 | 964,266 |
| Cash and cash equivalents - beginning | <u>16,501,487</u> | <u>2,836,638</u> |
| Cash and cash equivalents - ending (Includes restricted assets) | <u>\$ 19,049,600</u> | <u>3,800,904</u> |

See Accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

Page 2 of 4

| Nonmajor | Business -Type Activities- Enterprise Funds | | Governmental Activities- Internal Service Funds |
|--------------|--|--------------|--|
| | Totals | | |
| 9,168,550 | \$ | 60,863,549 | \$ |
| 8,623,901 | | 8,623,901 | - |
| 13,603,052 | | 14,394,524 | 70,494,384 |
| (23,670,580) | | (62,943,395) | 3,126,211 |
| - | | - | (50,040,459) |
| (6,333,754) | | (11,177,074) | (1,926,184) |
| 1,391,169 | | 9,761,505 | (15,436,104) |
| - | | - | 6,217,848 |
| - | | - | 2,922,230 |
| - | | - | (3,784,960) |
| - | | - | (862,730) |
| (796,896) | | (2,801,785) | (2,261,286) |
| - | | (1,885,122) | (983,595) |
| - | | (1,165,228) | (114,546) |
| (796,896) | | (5,852,135) | (3,359,427) |
| 73,376 | | 185,747 | 694,180 |
| - | | 84,911 | 1,039 |
| 73,376 | | 270,658 | 695,219 |
| 667,649 | | 4,180,028 | 2,690,910 |
| 7,585,030 | | 26,923,155 | 79,098,798 |
| 8,252,679 | \$ | 31,103,183 | \$ |
| | | | 81,789,708 |

Continued

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2010

| | Water | Parking |
|--|---------------------|------------------|
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | \$ 3,838,583 | 1,911,869 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation expense | 2,400,464 | 326,543 |
| Change in assets and liabilities: | | |
| Decrease (increase) in accounts receivable | (603,243) | 9,046 |
| Decrease (increase) in inventory of supply | - | - |
| Increase (decrease) in accounts payable | 448,061 | (10,389) |
| Increase (decrease) in compensated absences payable | (5,435) | 4,494 |
| Increase (decrease) in deposits payable | 11,495 | - |
| Increase (decrease) in retention payable | (76,501) | - |
| Increase (decrease) in claims payable | - | - |
| Increase (decrease) in postemployment benefits obligation | 103,777 | 11,572 |
| Net cash provided by operating activities | <u>\$ 6,117,201</u> | <u>2,253,135</u> |
| Noncash investing, capital, and financing activities: | | |
| Increase in fair value of investments | <u>\$ 84,911</u> | <u>-</u> |

See Accompanying Notes to the Basic Financial Statements.

| Nonmajor | Business -Type Activities- Enterprise Funds | | Governmental Activities- Internal Service Funds |
|------------------|--|------------------|--|
| | | Total | |
| (450,015) | \$ | 5,300,437 | \$ 3,251,193 |
| 955,958 | | 3,682,965 | 2,072,561 |
| (60,978) | | (655,175) | (62,966) |
| - | | - | (72,996) |
| 760,373 | | 1,198,045 | 429,686 |
| 115,447 | | 114,506 | (86,880) |
| - | | 11,495 | - |
| - | | (76,501) | - |
| - | | - | 203,872 |
| 70,384 | | 185,733 | 483,378 |
| <u>1,391,169</u> | \$ | <u>9,761,505</u> | \$ <u>6,217,848</u> |
| <u>-</u> | | <u>-</u> | <u>1,039</u> |

Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

Assets

| | | |
|--|----|--------------------------|
| Current assets: | | |
| Cash and investments (Note 3A) | \$ | 34,414,772 |
| Receivables (net of allowance for uncollectibles): | | |
| Loans and notes | | 950,296 |
| Interest | | 49,162 |
| Intergovernmental | | <u>2,576,650</u> |
| Total assets | \$ | <u><u>37,990,880</u></u> |

Liabilities

| | | |
|------------------------------|----|--------------------------|
| Accounts payable | \$ | 952 |
| Due to City employees | | 8,582,224 |
| Due to governmental agencies | | <u>29,407,704</u> |
| Total liabilities | \$ | <u><u>37,990,880</u></u> |

See accompanying notes to the basic financial statements.

CITY OF SANTA ANA, CALIFORNIA

Notes to the Basic Financial Statements



Notes to the Basic Financial Statements, JUNE 30, 2010

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.

Blended Component Units

Community Redevelopment Agency of the City of Santa Ana

The 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. Effective September 1, 2004, the RDA amended its project area plans to create one merged project area within the City. The City's Council members serve as the RDA's Directors, designate management, and have full accountability for the RDA's fiscal matters. The RDA's financial data and transactions are included with the debt service funds and capital projects funds. The RDA prepares a separate Component Unit Financial Report (CUFR) and a copy can be obtained from the City's Finance and Management Services Agency.

Housing Authority of the City of Santa Ana

The Housing Authority (the "Authority") was established in 1972 pursuant to Housing Authority Laws of California to provide rental assistance programs to low-income families and senior citizens, and to operate a Housing Rehabilitation Loan Program. The Authority is governed by a commission of seven members comprised of the City Council, which designates management and has full accountability for the Authority's fiscal affairs. The Authority's financial data and transactions are included with the special revenue Housing Authority 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 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 with 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 assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 revenues.

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.

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 Community Redevelopment Agency. This fund accounts for the receipts and expenditures relating to the City's merged redevelopment project area 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.

Community Redevelopment Agency Debt Service Fund. This fund accounts for the receipt of tax increment revenues which by State of California Law regulating redevelopment Agencies, must be used for the payment of debt.

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 and the 1998 refunding 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.

Additionally, the City reports the following fund types:

Internal Service Funds. These funds account for fleet services, facilities management, equipment maintenance and replacement, 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.

Private sector standards of accounting and financial reporting issued by Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the business-type activities in the government-wide financial statements and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and other enterprise 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.

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 and Net Assets or Equity

Cash and Investments. For purposes of the statement of cash flows, the City considered 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, and agency funds. As amounts are available to these funds on demand, 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, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market rates. Changes in fair value that occur during the fiscal year are recognized as revenue from investment income (governmental funds) and investment earnings (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. The net change in fair value and interest earned on the investments is allocated monthly to the respective funds based on each fund's daily average cash and investments balance.

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

Interagency Receivables and Payables. Interagency current receivables and payables are classified as amounts "due from" and "due to" other funds. Interagency long-term receivables and payables with a repayment schedule are classified as "advances to" and "advances from" other funds. The City considers interagency long-term loans without a repayment schedule to be operating transfers. Accordingly, "loans receivable" are classified as "transfers out" while "loans payable" are "transfers in". Interest on such loans is recorded only when due. Loan amounts, including interest, are noted in Note 3B. When these loans are repaid, such transactions are also recorded as "transfers out" (typically from the debt service funds) and "transfers in", and the loan balance is reduced in the footnotes. Residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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. 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.

Proposition 1A Borrowing by the State of California. Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of the property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City of Santa Ana was \$5,512,900.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority (“California Communities”), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds (“Prop 1A Bonds”) to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest rate paid by the State of California. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as result, no gain or loss was recorded.

Inventories. 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.

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.

Capital Assets. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 \$10,000 (amount not rounded) and an estimated useful life in excess of two years. Such 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 total interest expense

incurred by the City during the current fiscal year was \$18,174,550. No interest amount was included as part of the cost of capital assets under construction.

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

| <u>Assets</u> | <u>Years</u> |
|---|--------------|
| Buildings and Parking Structures | 30-50 |
| Building Improvements | 20 |
| Public domain infrastructure | 50 |
| Storm Drain Pipe, Catch Basins , Sewer System | 75 |
| Water System | 50 |
| Vehicles | 5 |
| Office and Comper Equipment | 3-5 |
| Library Materials | 6 |
| Intangible | 5-10 |

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 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, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

Fund Equity. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2010, fund balances for government funds are made up of the followings:

- *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. 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. *Intent* is expressed by (1) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

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

Note 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Difference between Governmental Funds Balance Sheet and the Statement of Net Assets

The "total fund balances" of the City's governmental funds \$202,439,381 differs from "net assets" of governmental activities \$894,841,371 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

| | | |
|---------------------------|----|---------------------------|
| Cost of capital assets | \$ | 1,215,284,926 |
| Accumulated depreciation | | (336,368,605) |
| Total capital assets, net | \$ | <u><u>878,916,321</u></u> |

Long-Term Debt Transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets. Long-term liabilities of the internal service funds of \$29,454,209 are included in the internal service funds adjustment.

| | | |
|--|----|-----------------------------|
| Tax allocation bonds payable | \$ | (18,010,000) |
| Tax allocation refunding bonds | | (22,770,000) |
| Lease revenue bonds payable | | (84,930,000) |
| Refunding revenue bonds | | (64,930,000) |
| Certificates of participation | | (77,515,000) |
| Long-term loans payable | | (8,006,206) |
| Compensated absences payable | | (36,309,949) |
| Capitalized lease obligations payable | | (1,211,715) |
| Postemployment benefit obligation | | (19,044,627) |
| Bond premium | | (2,671,051) |
| Less: Deferred amount on refunding costs | | <u>5,493,829</u> |
| Total governmental activities long-term debt | \$ | <u><u>(329,904,719)</u></u> |

Accrued Interest

Accrued liabilities in the statement of net assets differ from the amount reported in governmental funds due to accrued interest on outstanding debt payable.

| | | |
|------------------------|----|---------------------------|
| Accrued interest added | \$ | <u><u>(5,819,843)</u></u> |
|------------------------|----|---------------------------|

Internal Service Funds

Internal service funds are used by management to charge the costs of certain activities to individual City funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets, because they primarily serve governmental activities of the City.

| | | |
|-------------------------------|----|--------------------------|
| Internal service - net assets | \$ | <u><u>67,781,525</u></u> |
|-------------------------------|----|--------------------------|

Deferred Revenues

Various home loans and RDA Housing Rehabilitation loans guaranteed by deeds of trust are not available to pay for current period expenditures and are deferred in the fund statements, but eliminated in the government wide financial statements.

| | | |
|-----------------------|----|--------------------------|
| Net reclassifications | \$ | <u><u>81,428,706</u></u> |
|-----------------------|----|--------------------------|

B. Explanation of Differences between Governmental Funds Operating Statements and the Statement of Activities

The “net change in fund balances” for governmental funds \$(31,237,966) differs from the “change in net assets” for governmental activities \$22,120,069 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreased by the amount of depreciation expense charged for the year. The effect of changes in internal service funds capital assets of (\$188,724) are not reflected in the adjustment below.

| | | |
|----------------------|----|--------------------------|
| Capital outlay | \$ | 56,481,108 |
| Depreciation expense | | (20,593,326) |
| Net deletions | | <u>(2,377,198)</u> |
| Difference | \$ | <u><u>33,510,584</u></u> |

Long-term Debt Transactions

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | | |
|--|----|---------------------------|
| Postemployment benefits obligation (less \$483,378 in internal service fund liabilities) | \$ | <u><u>(5,992,824)</u></u> |
|--|----|---------------------------|

Repayment of debt service is reported as an expenditure in governmental funds and, thus has the effect of reducing fund balances because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The effect of changes in internal service funds long-term debt of \$983,596 is reflected in the adjustment below.;

| | | |
|---|----|--------------------|
| Principal payments made: | | |
| Refunding revenue bonds | \$ | 4,820,000 |
| Tax allocation bonds | | 2,240,000 |
| Police administrative and holding facility lease revenue bonds | | 4,030,000 |
| Certificates of participation | | 330,000 |
| Capitalized lease obligations | | 377,668 |
| Long-term loans payable | | 1,363,159 |
| Total principal repayments | | <u>13,160,827</u> |
| | | |
| Internal service fund activity | | (983,596) |
| Proceeds from long-term loan | | (55,012) |
| Amortization of bond premium | | 429,201 |
| Amortization of deferred charges | | (495,556) |
| Net change in compensated absences | | <u>(1,131,447)</u> |
| Net change | \$ | <u>10,924,417</u> |

Accrued Interest

Accrual interest for long-term liabilities decreases net assets in the government-wide financial statements. This is the net change in accrued interest for the current period.

| | | |
|------------------|----|----------------|
| Accrued interest | \$ | <u>689,029</u> |
|------------------|----|----------------|

Internal Service Funds

Internal service funds are used by management to charge the costs of certain activities to individual City funds. The adjustments for internal service funds “closes” those funds by crediting additional amounts to participating governmental activities to cover the internal service funds’ cost for the year.

| | | |
|---|----|------------------|
| Net change in net assets - internal service funds | \$ | <u>3,929,634</u> |
|---|----|------------------|

Deferred Revenues

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.

| | | |
|--------------------|----|-------------------|
| Revenue adjustment | \$ | <u>10,297,195</u> |
|--------------------|----|-------------------|

C. Fund Deficits

At June 30, 2010, the Community Redevelopment Agency Debt Service fund has accumulated deficits of \$64,783,955. The deficit is attributable to the purchase of the 1989 Tax Allocation Bonds, which were issued by the RDA and subsequently acquired by the SAFA in 1999. The intra-entity liability relationship is recognized in the financial statements of the Debt Service Community Redevelopment Agency Fund as "Obligation to SA Financing Authority". The deficit of \$924,858 in the nonmajor Capital Grants Capital Projects Fund and \$85,522, in the nonmajor Civic Center & Maintenance, Special Revenue Fund are 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.

Note 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

| | |
|--|----------------------------------|
| Statement of net assets: | |
| Cash and investments | \$ 264,641,216 |
| Restricted assets: | |
| Cash and investments | 27,957,613 |
| Cash and investments with fiscal agents | 18,781,602 |
| Statement of fiduciary assets and liabilities: | |
| Cash and investments | <u>34,414,772</u> |
| Total cash and investments | \$ <u><u>345,795,203</u></u> |

Cash and investments as of June 30, 2010 consist of the following:

| | |
|--------------------------------------|------------------------------|
| Cash on hand | \$ 826,766 |
| Deposits with financial institutions | 486,368 |
| Investments | <u>344,482,069</u> |
| Totals | \$ <u><u>345,795,203</u></u> |

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

The table below identifies the investment types that are authorized for the City of Santa Ana (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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

| <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

Investment 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. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

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

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 to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows 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 | More than 60 Months |
| Federal Agency Securities | \$ 225,646,959 | \$ 89,756,620 | \$ 42,920,815 | \$ 92,969,524 | \$ - |
| Negotiable Certificate of Deposit | 5,031,200 | 5,031,200 | - | - | - |
| Mortgage-backed Securities | 259,250 | - | - | - | 259,250 |
| Local Agency Investment Fund | 94,763,058 | 94,763,058 | - | - | - |
| Held by Fiscal Agent: | | | | | |
| Money Market Funds | 13,183,619 | 12,838,069 | - | - | - |
| Local Agency Investment Fund | 168,780 | 168,780 | - | - | - |
| Investment Contracts | 5,429,203 | - | - | - | 5,429,203 |
| | <u>\$ 344,482,069</u> | <u>\$ 202,557,727</u> | <u>\$ 42,920,815</u> | <u>\$ 92,969,524</u> | <u>\$ 5,688,453</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 | \$ 5,096,185 |

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

| Investment Type | Total | Minimum Legal Rating | Rating as of Year End | | |
|-----------------------------------|-----------------------|----------------------------|-----------------------|----------------------|-----------------------|
| | | | AAA | Aa | Not Rated |
| Federal Agency Securities | \$ 225,646,959 | N/A | \$ 225,646,959 | \$ - | \$ - |
| Negotiable Certificate of Deposit | 5,031,200 | A | - | - | 5,031,200 |
| Mortgage-backed Securities | 259,250 | AA | - | - | 259,250 |
| Local Agency Investment Fund | 94,763,058 | N/A | - | - | 94,763,058 |
| Held by Fiscal Agent: | | | | | |
| Money Market Funds | 13,183,619 | A | - | 12,838,069 | - |
| Local Agency Investment Fund | 168,780 | N/A | - | - | 168,780 |
| Investment Contracts | 5,429,203 | N/A | - | - | 5,429,203 |
| | <u>\$ 344,482,069</u> | | <u>\$ 225,646,959</u> | <u>\$ 12,838,069</u> | <u>\$ 105,651,491</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 | \$ 18,549,077 |
| Federal Home Loan Bank Agency | Federal agency securities | 109,826,775 |
| Federal Home Loan Mortgage Corp. | Federal agency securities | 24,035,720 |
| Federal National Mortgage Association Agency | Federal agency securities | 73,235,387 |

Investments in any one issuer that represents 5% or more of total investments by reporting unit (governmental activities, major fund, nonmajor fund in the aggregate, etc.) are \$5,429,203 of the cash and investments (including amounts held by bond trustee) reported in the Santa Ana Financing Authority Debt Service Fund (a major fund of the City) is held in the form of investment contract issued by AIG Financial.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2010, 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, 2010 was \$23.3 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2010 had a balance of \$69.4 billion, of that amount, 5.42% (3.1 billion) was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 203 days as of June 30, 2010.

- B. Interagency Long-Term Debt.** In prior years, the City of Santa Ana transferred monies to the Redevelopment Agency to fund redevelopment project costs. An obligation for the accumulated transfers has been reported eliminated from both the government-wide financial statements and the fund financial statements because repayment is not expected within a reasonable period of time. The balances of these obligations include \$108,365,868 accrued interest as of June 30, 2010, and are as follows:

| | <u>Loans Receivable</u> | <u>Loans Payable</u> |
|---|-----------------------------|--------------------------|
| City of Santa Ana | \$ 430,316,365 | \$ - |
| Redevelopment Agency: Merged Project | - | 430,316,365 |
| Total | <u>\$ 430,316,365</u> | <u>\$ 430,316,365</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS

C. Capital Assets. Capital asset activity for the year ended June 30, 2010 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|-----------------------|----------------------|------------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 14,036,260 | \$ - | \$ (1,912,078) | \$ 12,124,182 |
| Right of way | 427,118,325 | - | - | 427,118,325 |
| Street trees | 5,963,333 | 1,067,994 | - | 7,031,327 |
| Construction in progress | 69,706,034 | 57,472,373 | (11,778,407) | 115,400,000 |
| Total capital assets not being depreciated | <u>516,823,952</u> | <u>58,540,367</u> | <u>(13,690,485)</u> | <u>561,673,834</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 199,706,276 | - | (1,100,045) | 198,606,231 |
| Improvements | 68,264,282 | 1,985,990 | - | 70,250,272 |
| Equipment | 54,880,368 | 1,058,239 | (1,743,014) | 54,195,593 |
| Infrastructure | 356,886,781 | 8,724,424 | (2,103,471) | 363,507,734 |
| Library materials | 7,078,901 | 222,091 | (239,192) | 7,061,800 |
| Total capital assets being depreciated | <u>686,816,608</u> | <u>11,990,744</u> | <u>(5,185,722)</u> | <u>693,621,630</u> |
| Less: accumulated depreciation for: | | | | |
| Buildings | (95,464,902) | (5,985,670) | 1,100,045 | (100,350,527) |
| Improvements | (32,480,876) | (2,438,650) | - | (34,919,526) |
| Equipment | (40,288,853) | (3,781,908) | 1,732,703 | (42,338,058) |
| Infrastructure | (172,564,879) | (10,179,322) | 1,638,800 | (181,105,401) |
| Library materials | (5,743,148) | (280,337) | 238,743 | (5,784,742) |
| Total accumulated depreciation | <u>(346,542,658)</u> | <u>(22,665,887)</u> | <u>4,710,291</u> | <u>(364,498,254)</u> |
| Capital assets being depreciated, net | <u>340,273,950</u> | <u>(10,675,143)</u> | <u>(475,431)</u> | <u>329,123,376</u> |
| Governmental activities capital assets, net | <u>\$ 857,097,902</u> | <u>\$ 47,865,224</u> | <u>\$ (14,165,916)</u> | <u>\$ 890,797,210</u> |

CITY OF SANTA ANA

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|---------------------|-----------------------|-----------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 7,987,085 | \$ - | \$ - | \$ 7,987,085 |
| Construction in progress | 3,164,562 | 2,801,789 | (2,140,000) | 3,826,351 |
| Total capital assets not being depreciated | <u>11,151,647</u> | <u>2,801,789</u> | <u>(2,140,000)</u> | <u>11,813,436</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 8,831,492 | - | - | 8,831,492 |
| Water system and other improvements | 148,860,370 | 1,861,409 | (49,955) | 150,671,824 |
| Equipment | 22,994,761 | - | - | 22,994,761 |
| Parking structures | 19,565,851 | - | - | 19,565,851 |
| Intangible | - | 278,589 | - | 278,589 |
| Total capital assets being depreciated | <u>200,252,474</u> | <u>2,139,998</u> | <u>(49,955)</u> | <u>202,342,517</u> |
| Less: accumulated depreciation for: | | | | |
| Buildings | (5,398,104) | (218,481) | - | (5,616,585) |
| Improvements other than buildings | (71,186,728) | (2,808,654) | 49,955 | (73,945,427) |
| Equipment | (18,182,732) | (240,426) | - | (18,423,158) |
| Parking structures | (7,128,084) | (415,404) | - | (7,543,488) |
| Total accumulated depreciation | <u>(101,895,648)</u> | <u>(3,682,965)</u> | <u>49,955</u> | <u>(105,528,658)</u> |
| Capital assets being depreciated, net | <u>98,356,826</u> | <u>(1,542,967)</u> | <u>-</u> | <u>96,813,859</u> |
| Business-type capital assets, net | <u>\$ 109,508,473</u> | <u>\$ 1,258,822</u> | <u>\$ (2,140,000)</u> | <u>\$ 108,627,295</u> |

Governmental activities:

| | |
|---|------------------|
| General government | \$ 1,389,067 |
| Finance and management services | 17,736 |
| Museum | 436,722 |
| Library | 359,926 |
| Recreation and community services | 2,019,285 |
| Police | 4,963,136 |
| Fire | 527,006 |
| Planning & Building | 3,305 |
| Public works | 10,561,294 |
| Community development | 315,849 |
| Capital assets held by the City's internal services funds are charged to the various functions based on their usage of the assets | <u>2,072,561</u> |

Total depreciation expense - governmental activities \$ 22,665,887

NOTES TO THE BASIC FINANCIAL STATEMENTS

| | |
|---|----------------------------|
| Business-type activities: | |
| Water | \$ 2,400,464 |
| Parking | 326,543 |
| Transportation Center | 422,193 |
| Sewer | 501,251 |
| Sanitation | 5,163 |
| Federal Clean Water | <u>27,351</u> |
| Total depreciation expense - business-type activities | \$ <u><u>3,682,965</u></u> |

Construction Commitments

The City has active construction projects as of June 30, 2010. 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 | \$ 218,958,653 | \$ 123,705,801 | \$ 342,664,454 |
| Park improvements | 16,959,980 | 3,806,336 | 20,766,316 |
| Water system improvements | 17,661,301 | 6,902,345 | 24,563,646 |
| Sewer improvements | 9,989,665 | 5,050 | 9,994,715 |
| Other improvements | 13,439,770 | 3,283,623 | 16,723,393 |

D. Interfund Receivables, Payables, Transfers, and Advances. The composition of interfund balances as of and for the year ended June 30, 2010 was as follows:

Due To/From Other Funds:

| <u>Due To Other Funds (Payable)</u> | <u>Due From Other Funds (Receivable)</u> | | |
|--|--|---------------------------------------|----------------------------|
| | <u>Capital Projects Community Redevelopment Agency</u> | <u>Internal Service Funds</u> | <u>Total</u> |
| Community Redevelopment Agency Debt Service Fund | \$ 321,287 | \$ - | \$ 321,287 |
| Nonmajor Governmental Funds | <u>-</u> | <u>1,043,314</u> | <u>1,043,314</u> |
| Total | \$ <u><u>321,287</u></u> | \$ <u><u>1,043,314</u></u> | \$ <u><u>1,364,601</u></u> |

The non-major Capital Project Grant Funds received temporary advances from the Liability and Property Insurance, an Internal Service Fund, to cover deficit cash balances in the amount of \$1,043,314. The Community Redevelopment Agency Debt Service Fund received \$321,287 from Capital Community Redevelopment Agency Fund representing its share of tax increment monies received in July 2010.

Interfund Transfers:

| Transfers Out | Transfers In | | | | | | | Total |
|------------------------------|----------------------|----------------------|---|-----------------------|------------------------|-----------------------------|------------------------|----------------------|
| | General Fund | RDA Capital Projects | Street Construction Capital Projects Fund | RDA Debt Service Fund | SAFA Debt Service Fund | Nonmajor Governmental Funds | Internal Service Funds | |
| General Fund | \$ - | - | - | - | 9,130,425 | 522,785 | 2,912,230 | \$ 12,565,440 |
| Special Revenue Grants | 179,841 | - | - | - | - | - | - | 179,841 |
| Special Revenue Gas Tax Fund | - | - | 18,009,480 | - | - | - | 10,000 | 18,019,480 |
| RDA Capital Projects Fund | 1,362,600 | - | - | - | - | - | - | 1,362,600 |
| RDA Debt Service Fund | 7,624,090 | 27,585,069 | - | - | - | - | - | 35,209,159 |
| SAFA Debt Service Fund | - | - | - | 1,282,125 | - | - | - | 1,282,125 |
| Internal Service Funds | 2,741,646 | - | - | - | - | - | - | 2,741,646 |
| | <u>\$ 11,908,177</u> | <u>27,585,069</u> | <u>18,009,480</u> | <u>1,282,125</u> | <u>9,130,425</u> | <u>522,785</u> | <u>2,922,230</u> | <u>\$ 71,360,291</u> |

The General Fund received transfers of \$179,841 from the Special Revenue Grants to reimburse to cost incurred during the year in General Fund for Police activities.

The \$7,624,090 represents loan repayments from the RDA Debt Service Fund to General Fund. The General Fund received transfer of \$2,741,646 from Internal Service Fund to General Fund consisting of: 1) \$304,068 received from the Public Works Engineering and Administrative Internal Service Funds for its share in the energy conservation capital lease payment; 2) \$196,118 received from the Building Maintenance for its share in the City Hall Expansion Certificates of Participation payment; and 3) \$2,241,460 from Equipment Maintenance and Replacement, an Internal Service Fund for its share of General Fund's operations.

The \$1,362,600 represents the residual amount between the purchase value of various land parcels and their current carrying value that were recorded as an intra-entity transfers of assets from RDA Capital Projects to General Fund.

The RDA Capital Projects Fund received a transfer of \$27,585,069 from the RDA Debt Service consisting of: 1) \$14,148,801 for the low and moderate housing share of tax increment set-aside monies; 2) \$5,906,884 for the 2009-2010 SERAF payment; 3) \$1,282,125 for the 1989 Tax Allocation Bond payments; 4) \$6,247,259 for other obligations' payments.

The RDA Debt Service Fund received from the SAFA Debt Service Fund the amount of \$1,282,125 representing savings from the issuance of the SAFA Refunding Revenue Bonds.

The SAFA Debt Service Fund received a transfer of \$9,130,425 from the General Fund for payment of the police lease revenue bonds debt service.

The amount of \$18,009,480 was received in the Street Construction Capital Projects Fund from Special Gas Tax Fund to reimburse the Street Construction Fund for eligible street related construction and maintenance costs. The nonmajor Special Revenue Funds received transfers of \$522,785 representing the General Fund's support for Civic Center and Centennial Park maintenance.

The Communications Internal Service Fund received a transfer of \$2,662,230 from the General Fund representing the General Fund's share in the implementation of the City's Communications Strategic Plan. The Building Maintenance Internal Service Fund received a transfer of \$250,000 from the General Fund representing the General Fund's share in the building maintenance cost of the fiscal year 2010. The Public Works Engineering and Administrative Internal Service Fund received \$10,000 from Special Revenue Gas Tax Fund representing Engineering Cost Allocation from the State.

Advances To/From Other Funds:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amount</u> |
|--|--|---------------|
| Internal Service Funds | General Fund | \$ 3,140,000 |
| Water Enterprise Fund | General Fund | 2,000,000 |
| Capital Projects Community Redevelopment Agency | Debt Service Community Redevelopment Agency | 8,702,359 |
| | | \$ 13,842,359 |

The \$3,140,000 amount represent advances made by the Workers Compensation Fund to the General Fund for the construction of Fire Station #1 in the amount of \$2,920,000 and the balance of \$220,000 to partially fund the construction of the Children's' Zoo from the Equipment Maintenance and Replacement Fund. The advance from the Water Enterprise Fund to the General Fund in the amount of \$2,000,000 is due on demand. The advances made to the RDA Capital Projects Fund to the RDA Debt Service Fund of \$8,702,359 were used for ERAF payments as mandated by the State to balance the State of California 2005-06, 2004-05 and 2009-10 budgets.

E. Long-Term Liabilities. The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2010:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| Tax allocation bonds | \$ 18,520,000 | \$ - | \$ 510,000 | \$ 18,010,000 | \$ 525,000 |
| Tax allocation refunding bonds | 24,500,000 | - | 1,730,000 | 22,770,000 | 1,810,000 |
| Capital leases | 5,705,163 | - | 1,363,159 | 4,342,004 | 1,411,568 |
| Certificates of participation | 77,845,000 | - | 330,000 | 77,515,000 | 1,470,000 |
| Lease revenue bonds | 88,960,000 | - | 4,030,000 | 84,930,000 | 4,190,000 |
| Refunding revenue bonds | 69,750,000 | - | 4,820,000 | 64,930,000 | 5,080,000 |
| Long-term loans | 8,328,862 | 55,012 | 377,668 | 8,006,206 | 374,498 |
| Less: Deferred amounts | (5,989,385) | - | (495,556) | (5,493,829) | - |
| Add: Bond premium | 3,100,252 | - | 429,201 | 2,671,051 | - |
| Total bonds payable, long-term loans and capital leases | 290,719,892 | 55,012 | 13,094,472 | 277,680,432 | 14,861,066 |
| Compensated absences payable | 37,026,379 | 11,804,769 | 10,805,103 | 38,026,045 | 9,506,511 |
| Claims payable - worker's comp | 18,590,140 | 4,931,709 | 4,612,116 | 18,909,733 | 5,890,000 |
| Claims payable - liability insurance | 4,691,792 | - | 115,721 | 4,576,071 | 3,650,000 |
| Governmental activities long-term liabilities | \$ 351,028,203 | \$ 16,791,490 | \$ 28,627,412 | \$ 339,192,281 | \$ 33,907,577 |
| Business-type activities: | | | | | |
| Revenue bonds payable | \$ 17,060,000 | \$ - | \$ 810,000 | \$ 16,250,000 | \$ 830,000 |
| Refunding COP | 8,680,000 | - | 925,000 | 7,755,000 | 1,060,000 |
| Notes payable | 1,458,556 | - | 150,121 | 1,308,435 | 155,423 |
| Less: Deferred amounts | (852,906) | - | (78,645) | (774,261) | - |
| Total bonds payable and long-term notes payable | 26,345,650 | - | 1,806,476 | 24,539,174 | 2,045,423 |
| Compensated absences payable | 1,076,389 | 1,266,013 | 1,248,667 | 1,093,735 | 273,434 |
| Business-type activities long-term liabilities | \$ 27,422,039 | \$ 1,266,013 | \$ 3,055,143 | \$ 25,632,909 | \$ 2,318,857 |

Internal service funds predominantly serve the governmental funds. Accordingly, \$23.49 million of claims payable is included as part of the above totals for governmental activities.

At year-end, \$1.72 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.

Outstanding
Balance
June 30, 2010

A description of each long-term debt obligation follows:

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 \$20.945 million on May 14, 2003 to fund redevelopment activities of benefit to the RDA's Santa Ana South Main Street Redevelopment Project. Bonds totaling \$13,295,000 mature serially on September 1 beginning 2004 through 2024 in amounts ranging from \$475,000 to \$910,000 and pay interest at rates varying from 1.10 percent to 4.5 percent. \$4,075,000 4.50 percent term bonds mature on September 1, 2028 while \$3,575,000 4.50 percent bonds mature on September 1, 2031.

\$18,010,000

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

| Period Ending June 30 | Principal | Interest |
|--------------------------|----------------------|----------------------|
| 2011 | \$ 525,000 | \$ 746,298 |
| 2012 | 545,000 | 729,566 |
| 2013 | 560,000 | 711,260 |
| 2014 | 580,000 | 691,660 |
| 2015 | 605,000 | 670,620 |
| 2016-2020 | 3,380,000 | 2,983,672 |
| 2021-2025 | 4,165,000 | 2,201,088 |
| 2026-2030 | 5,215,000 | 1,155,937 |
| 2031-2032 | 2,435,000 | 110,813 |
| Total | <u>\$ 18,010,000</u> | <u>\$ 10,000,914</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 \$34,145,000 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 \$1,820,000 to \$2,820,000 and pay interest at rates varying from 2 percent to 5 percent.

Outstanding
Balance
June 30, 2010

The 2003 Bonds Series A and B are not a debt of the City of Santa Ana, 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 Redevelopment Agency as set forth in the bond indenture.

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.

22,770,000

Total Tax Allocation Bonds and Refunding Bonds

\$40,780,000

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

| Period Ending June 30 | Principal | Interest |
|--------------------------|----------------------|---------------------|
| 2011 | \$ 1,810,000 | \$ 1,084,200 |
| 2012 | 1,890,000 | 1,000,750 |
| 2013 | 1,990,000 | 903,750 |
| 2014 | 2,085,000 | 801,875 |
| 2015 | 2,200,000 | 694,750 |
| 2016-2020 | <u>12,795,000</u> | <u>1,663,125</u> |
| Total | <u>\$ 22,770,000</u> | <u>\$ 6,148,450</u> |

The 2003 Series A and B Tax Allocation Bonds are secured and to be serviced from tax increment revenues of the project area. All project tax increment revenues except dedicated housing tax increment allocation are the security for bonds. The revenues have been pledged until the year 2031 for the Series A bonds and 2019 for the Series B bonds. The total debt service amount for the bonds is \$56.9 million. Pledged tax increment revenue recognized during the fiscal year ended June 30, 2010 was \$40.2 million as against the total debt service payments of \$4.2 million.

Outstanding
Balance
June 30, 2010

CAPITALIZED LEASE OBLIGATIONS

Energy Conservation Project - In February 24, 2003, the City entered into a lease purchase agreement related to the upgrade of several buildings with lighting and HVAC improvements and direct digital control systems with SunTrust. The minimum lease payments required during the ten and one-half years term of the agreement are \$3,504,024. The lease payments discounted at an estimated interest rate of 3.4252 percent provide a present value of \$2,887,120, which approximates the value of the improvements and is the amount that is capitalized in the City's capital assets used in the operation of governmental funds. The future minimum lease payments required under the terms of the lease at June 30, 2010 totaled \$1,107,775.

\$1,107,775

Modular Building for Fire Training Classroom - On April 25, 2006, the City entered into a lease-purchase agreement to purchase modular building for Fire training classroom. The minimum lease payments required during the five-year term of this agreement are \$507,600. The lease payment discounted at an estimated rate of 9.8 percent provide a present value of \$400,000 which approximates the value of the equipment plus taxes and is the amount capitalized in the City's capital assets used in the operation of governmental funds. The future minimum lease payments required under the terms of the lease at June 30, 2010 totaled \$103,940.

103,940

Finance and Utility Billing Software - In March 19, 2008, the City entered into a master lease purchase agreement related to the conversion finance and utility billing software with SunTrust. The minimum lease payments required during the five-year term of this agreement are \$5,490,706. The lease payment discounted at an estimated rate of 2.96 percent provide a present value of \$5,069,000 which approximates the value of the intangible assets and is the amount that will be capitalized after the completion of the project in the City's capital assets used in the operation of governmental funds and Water enterprise fund. In 2010, Utility Billing Software was capitalized for \$278,589. The future minimum lease payments required under the terms of the lease at June 30, 2010 totaled \$3,130,290.

3,130,290

Total Capitalized Lease Obligations

\$4,342,004

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

| Period Ending | | Principal | | Interest |
|----------------|----|------------------|----|----------------|
| <u>June 30</u> | | | | |
| 2011 | \$ | 1,411,568 | \$ | 126,811 |
| 2012 | | 1,365,161 | | 80,158 |
| 2013 | | 1,398,788 | | 38,071 |
| 2014 | | 166,487 | | 2,872 |
| Total | \$ | <u>4,342,004</u> | \$ | <u>247,912</u> |

Outstanding
Balance
June 30, 2010

CERTIFICATES OF PARTICIPATION (COP)

Certificates of Participation (City Hall Expansion Project). On January 13, 1998, Certificates of Participation amounting to \$12,450,000 were issued by the Santa Ana Financing Authority to finance the construction of an expansion to the City of Santa Ana City Hall building. Certificates totaling \$4,435,000 mature serially on January 1, beginning 2000 through 2014 in amounts ranging from \$215,000 to \$400,000 and pay interest at rates varying from 4.5% to 4.7%. \$1,315,000 term certificates are due on January 1, 2017; \$980,000 term certificates are due on January 1, 2019; and the balance of \$5,720,000 term certificates are due on January 1, 2028.

The City is required under the lease agreement (between the City and Authority) to make lease payments every year for the use and occupancy of the building, in an amount sufficient to pay the annual principal and interest on the Certificates. Payment of principal and interest represented by the Certificates is guaranteed by a municipal bond insurance policy issued by Financial Security Assurance Inc. (FSA). A reserve fund surety bond was issued by FSA in lieu of the reserve requirement of \$796,705.

\$9,505,000

Gas Tax Revenue Certificates of Participation (2007 Local Street Improvement Project). On December 1, 2007, Certificates of Participation amounting to \$68,010,000 were issued by the Santa Ana Financing Authority to finance the Street Improvement Project. Certificates totaling \$32,365,000 mature serially on January 1, beginning 2011 through 2029 in amounts ranging from \$400,000 to \$2,340,000 and pay interest at rates varying from 4% to 5%. \$10,970,000 term certificates are due on January 1, 2033; \$13,145,000 term certificates are due on January 1, 2037; 7,515,000 term certificates are due on January 1, 2039; and the balance of \$4,015,000 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 on the certificates. These revenues have been pledged until fiscal year 2040. Total debt service amount for the certificates of participation is \$126,310,255. Pledged gas tax revenues recognized during the fiscal year ended June 30, 2010 was \$5.9 million as against the total debt service payment of \$3.08 million. At June 30, 2010, the reserve balance is \$4,213,529.

68,010,000

Total Certificates of Participation

\$77,515,000

COP debt service requirements to maturity are as follows:

| Year Ending June 30 | CITY HALL EXPANSION | | STREET IMPROVEMENT | | TOTAL | |
|------------------------|---------------------|--------------|--------------------|---------------|---------------|---------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2011 | \$ 345,000 | \$ 438,627 | \$ 1,125,000 | \$ 3,082,781 | \$ 1,470,000 | \$ 3,521,408 |
| 2012 | 365,000 | 421,943 | 1,170,000 | 3,037,781 | 1,535,000 | 3,459,724 |
| 2013 | 380,000 | 404,435 | 1,220,000 | 2,990,981 | 1,600,000 | 3,395,416 |
| 2014 | 400,000 | 386,105 | 1,275,000 | 2,937,181 | 1,675,000 | 3,323,286 |
| 2015 | 420,000 | 366,835 | 1,325,000 | 2,886,181 | 1,745,000 | 3,253,016 |
| 2016-2020 | 2,400,000 | 1,513,165 | 7,630,000 | 13,425,907 | 10,030,000 | 14,939,072 |
| 2021-2025 | 3,020,000 | 878,900 | 9,455,000 | 11,597,618 | 12,475,000 | 12,476,518 |
| 2026-2030 | 2,175,000 | 156,628 | 11,725,000 | 9,326,181 | 13,900,000 | 9,482,809 |
| 2031-2035 | - | - | 14,685,000 | 6,363,200 | 14,685,000 | 6,363,200 |
| 2036-2040 | - | - | 18,400,000 | 2,652,444 | 18,400,000 | 2,652,444 |
| Total | \$ 9,505,000 | \$ 4,566,638 | \$ 68,010,000 | \$ 58,300,255 | \$ 77,515,000 | \$ 62,866,893 |

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: \$1.47 million Capital Appreciation Bonds with accreted values of \$270,000 due July 1, 2001, \$770,000 due July 1, 2002 and \$1,285,000 due July 1, 2003; \$17.63 million of Current Interest Serial Bonds are due in amounts ranging from \$1.82 million starting July 1, 2004 to \$3.61 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, 2010, to \$4.7 million ending July 1, 2014; \$28.5 million of noncallable Premium Serial Bonds due in amounts ranging from \$5.03 million starting July 1, 2015 to \$6.41 million ending July 1, 2019 and \$38.6 million of noncallable Premium Term Bonds due in amounts ranging from \$6.815 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 partial current refund \$17,620,000 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 \$21,200,000 of AIRS Term Bonds maturing July 1, 2010 through July 1, 2014. The face value of the Lease Revenue Refunding Bonds, Series 2004A was \$38,845,000. The refunding was issued with interest rates ranging from 2.5% to 5%.

Outstanding
Balance
June 30, 2010

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. The amount in the reserve account at June 30, 2010 is approximately \$5 million. Payment of principal and interest on the bonds is covered by a municipal bond insurance policy issued by Municipal Bond Investors Assurance Company (MBIA).

\$84,930,000

Total Lease Revenue Bonds

\$84,930,000

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

| Period Ending <u>June 30</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|----------------------|----------------------|
| 2011 | \$ 4,190,000 | \$ 4,904,075 |
| 2012 | 4,370,000 | 4,694,575 |
| 2013 | 4,585,000 | 4,541,625 |
| 2014 | 4,685,000 | 4,381,150 |
| 2015 | 5,030,000 | 4,193,750 |
| 2016-2020 | 30,285,000 | 15,840,626 |
| 2021-2024 | 31,785,000 | 5,116,877 |
| Total | <u>\$ 84,930,000</u> | <u>\$ 43,672,678</u> |

REFUNDING REVENUE BONDS

The proceeds of Refunding Revenue bonds were used to fund a Program Fund in order to purchase the Community Redevelopment Agency's 1989 Tax Allocation Bonds. The proceeds of the 1989 Tax Allocation Bonds were used to fund certain redevelopment activities of benefit to public properties within the Agency's Santa Ana Intercity, Downtown and South Harbor Street Redevelopment Project Area.

1998 Refunding Revenue Bonds Series A. On June 3, 1998 the Santa Ana Financing Authority issued refunding bonds in the amount of \$65,330,000. The proceeds were used to fund a Program Fund in order to purchase on September 1, 1999, the Community Redevelopment Agency's 1989 Tax Allocation Bonds, Series B and Series C. Bonds totaling \$38.75 million mature serially through September 1, 2013 in amounts ranging from \$2.025 million to \$3.725 million; \$26.58 million term bonds mature on September 1, 2019. Interest rates vary from 4.25% to 5.375%.

Outstanding
Balance
June 30, 2010

The Bonds are limited obligations of the Authority and are payable solely from and secured by, a pledge and assignment under the Indenture of a portion of the Revenues, consisting of (i) all amounts derived from or in respect of the 1989 B Bonds and the 1989 C Bonds purchased with the proceeds of the Bonds, including principal prepayments and other payments of principal thereof and interest thereon, other than any Surplus Payments (as defined in the Indenture), (ii) Lease Payments, if any, paid by the City under a Lease Agreement between the City and the Authority (the "Lease Agreement"), and (iii) investment earnings on amounts on deposit in certain funds and accounts established under the Indenture, other than the Surplus Account and the Costs of Issuance Fund.

Payment of the principal and interest on the bonds is guaranteed by a municipal bond guaranty insurance policy issued by Municipal Bond Investors Assurance Company (MBIA).

\$40,425,000

1998 Refunding Revenue Bonds Series B. On July 15, 1999 the Santa Ana Financing Authority issued refunding revenue bonds in the amount of \$11,485,000. The proceeds were used to make an additional deposit to the Program Fund to purchase on September 1, 1999 the remaining outstanding principal amount of the Community Redevelopment Agency's 1989 Tax Allocation Bonds Series B and to make an additional deposit to the Cost of Issuance Fund. The \$11,485,000 term bonds mature serially in annual amounts ranging from \$270,000 starting September 1, 2000 to \$890,000 through September 1, 2019. Interest rate is 5.125%

The bonds are limited obligations of the Authority and are payable solely from, and are secured by, a pledge and assignment under the Indenture of a portion of the Revenues, consisting of (i) all amounts derived from or in respect of the 1989 B Bonds and the 1989 C Bonds purchased with the proceeds of the Bonds, including principal prepayments and other payments of principal thereof and interest thereon, other than any Surplus Payments (as defined in the Indenture), (ii) Lease Payments, if any paid by the City under a Lease Agreement between the City and Authority (the "Lease Agreement"), and (iii) investment earnings on amounts on deposit in certain funds and accounts established under the Indenture, other than the Surplus Account and the Costs of Issuance Fund.

Payment of the principal and interest on the bonds is guaranteed by a municipal bond guaranty insurance policy issued by Municipal Bond Investors Assurance Company (MBIA).

7,195,000

1998 Refunding Revenue Bonds Series C. On June 3, 1998 the Santa Ana Financing Authority issued refunding revenue bonds in the amount of \$8,100,000. The proceeds of the Bonds were used to fund a Program Fund in order to purchase, on September 1, 1999, the Community Redevelopment Agency's 1989 Tax Allocation Bonds, Series A. Bonds totaling \$4.29 million mature serially through September 1, 2012 in amounts ranging from \$245,000 to \$435,000; \$3.81 million term bonds mature serially through September 1, 2019. Interest rates vary from 4.4% to 5.6%.

Outstanding
Balance
June 30, 2010

The Series C Bonds are limited obligations of the Authority and are payable solely from, and are secured by, a pledge and assignment under the Indenture of a portion of the Revenues, consisting of (i) all amounts derived from or in respect of the 1989 A Bonds purchased with the proceeds of the Bonds, including principal prepayments and other payments of principal thereof and interest thereon, other than Agency Surplus Payments, and (ii) investment earnings on amounts on deposit in certain funds and accounts established under the Indenture, other than the Surplus Account and the Costs of Issuance Fund.

5,055,000

1998 Refunding Revenue Bonds Series D. On September 15, 1998 the Santa Ana Financing Authority issued refunding revenue bonds in the amount of \$19,105,000. The proceeds of the Bonds were used to fund a Program Fund in order to purchase, on September 1, 1999, the Agency's 1989 Tax Allocation Bonds, Series E. Bonds totaling \$8.735 million mature serially through September 1, 2011 in amounts ranging from \$0.53 million to \$0.97 million; \$4.535 million term bonds mature on September 1, 2015 while \$5.835 million term bonds mature serially through September 1, 2019. Interest rates vary from 4.2% to 5.6%.

The Bonds are limited obligations of the Authority and are payable solely from, and are secured by, a pledge and assignment under the Indenture of the Revenues, consisting of (i) all amounts derived from or in respect of the Agency Bonds purchased with the proceeds of the Bonds, including principal prepayments and other payments of principal thereof and interest thereon, other than Surplus Payments (as defined in the Indenture), and (ii) investment earnings on amounts on deposit in certain funds and accounts established under the Indenture, other than the Surplus Account and the Costs of Issuance Fund.

12,255,000

Total Refunding Revenue Bonds

\$64,930,000

| Period Ending | | Principal | Interest |
|---------------|----|-------------------|----------------------|
| June 30 | | | |
| 2011 | \$ | 5,080,000 | \$ 3,224,157 |
| 2012 | | 5,360,000 | 2,951,463 |
| 2013 | | 5,645,000 | 2,669,340 |
| 2014 | | 5,940,000 | 2,371,333 |
| 2015 | | 6,250,000 | 2,057,251 |
| 2016-2020 | | <u>36,655,000</u> | <u>4,945,138</u> |
| Total | \$ | <u>64,930,000</u> | <u>\$ 18,218,682</u> |

Outstanding
Balance
June 30, 2010

The Authority's purchase of the Agency's 1989 Tax Allocation Bonds has been accounted for in the fund financial statements as an asset called *investment in RDA Bonds* reported on the balance sheet of the Financing Authority Debt Service Fund. The Redevelopment Agency's obligation to the Authority for the funds provided by the Authority have been recorded as an intra-entity liability of the balance sheet of the Redevelopment Agency Debt Service Fund obligated for repayment. This intra-entity liability is reflected in the fund financial statements as *Obligations to Santa Ana Financing Authority*.

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 percent 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 1984. As of June 30, 2010 the unpaid accrued interest for the Santa Ana Venture Loan is \$2,485,047.

\$6,220,687

CHFA Loan. On August 21, 2002, the Redevelopment Agency and the California Housing Finance Agency (CHFA) entered into a commitment and loan agreement for Housing Enabled by Local Partnership (HELP) loan program, in connection with the Cornerstone Village Façade Courtyard Improvement Project situated in the City of Santa Ana. CHFA has made available to the RDA, the amount of \$2.6 million. Interest accrues at 3% per annum on the balance outstanding, and repayment including accrued interest, is deferred until 2012. To reduce interest payments, the City elected to make a payment of \$373,085 during the current year and will pay the remaining balance of \$369,559 during fiscal year 2010-11. Currently, the loan outstanding at June 30, 2010 totaled \$369,559. As of June 30, 2010 the unpaid accrued interest for the CHFA Loan is \$4,558.

\$369,559

County of Orange Loan. The Redevelopment Agency owes the County of Orange the balance of \$107,160, which bears interest of 7.5% as of June 30, 1998 for a property in the Downtown project area. The monthly payment of \$887 extends to the year 2021.

78,307

Outstanding
Balance
June 30, 2010

Santa Ana Firemen's Benevolent Association (FBA). The City of Santa Ana General Fund owes the FBA a balance of \$700,000, which bears an annual interest rate of 5.65% and will be repaid when necessary, based on the fiscal condition of the Retirees Health Insurance Subsidy Agency Fund for Fire. As of June 30, 2010 the unpaid accrued interest for the FBA Loan is \$637,653.

1,337,653

Total Long-Term Loans

\$8,006,206

Compensated Absences. Accrued vacation (\$19,083,311) represents total vested vacation benefits for all City employees in the governmental funds. Sick leave benefits (\$17,226,638) 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, 2010. Also included herein is \$1,716,096 representing accrued vacation and sick leave benefits for employees in the Internal Service Funds.

\$38,026,045

LONG-TERM DEBT DEFEASED IN PRIOR YEARS

In prior years, the City has defeased various bond issues of which \$100,052 is outstanding as of June 30, 2010. The investments in U.S. government securities, which are held in various escrow funds, 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 as a liability from the City's long-term debt.

WATER REVENUE BONDS

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 \$20,110,000 with maturities starting Sept. 1, 2005 through September 1, 2025 at interest rates ranging from 2% to 5%. The proceeds of the 2004 Bonds were be used to current refund the 1994 Bonds. The remaining proceeds were be used to purchase the Reserve Surety Bond, finance certain capital improvements to the Water System and to pay costs of issuance. The 2004 Bonds are payable solely from installment payments 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 \$22.57 million. Pledged revenue recognized during the fiscal year ended June 30, 2010 was \$6.2 million as against total debt payment of \$1.52 million. Payment of principal and interest represented by the bonds is covered against nonpayment by a municipal bond insurance policy issued by the Municipal Bond Investors Assurance Corporation with principal offices at Armonk, New York, NY 10504.

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

| Period Ending June 30 | Principal | Interest |
|--------------------------|----------------------|---------------------|
| 2011 | \$ 830,000 | \$ 687,656 |
| 2012 | 855,000 | 664,472 |
| 2013 | 880,000 | 638,431 |
| 2014 | 900,000 | 609,494 |
| 2015 | 930,000 | 578,031 |
| 2016-2020 | 5,245,000 | 2,280,478 |
| 2021-2025 | 6,610,000 | 858,750 |
| Total | \$ <u>16,250,000</u> | \$ <u>6,317,312</u> |

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

| | |
|---|---------------------|
| Operating revenue | \$ 48,781,762 |
| Operating expenses (net of depreciation expense of \$ 2,400,464) | <u>42,542,715</u> |
| Net revenue | 6,239,047 |
| | |
| Amount required for payment of principal and interest payable for the year ended June 30, 2011 (\$1,517,656 x 1.20) | <u>1,821,187</u> |
| | |
| Excess of net revenue over amount required | \$ <u>4,417,860</u> |

CERTIFICATES OF PARTICIPATION (COP) – PARKING FUND

On April 2, 2003, Certificates of Participation 2003 Series A amounting to \$16.985 million were issued to current refund the \$16,875,000 City of Santa Ana Certificates of Participation (Parking Facilities Refunding Project) Series 1993A, the \$1,945,000 City of Santa Ana Certificates of Participation (Commercial Facilities Refunding Project), Series 1993B and the \$5,005,000 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 \$555,000 to \$1,895,000 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 is insured by a financial guaranty insurance policy issued by Ambac Assurance Corporation. The balance outstanding as of June 30, 2010 is \$7,755,000.

COP debt service requirements to maturity are as follows:

| Year Ending | | |
|----------------|---------------------|---------------------|
| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> |
| 2011 | \$ 1,060,000 | \$ 361,063 |
| 2012 | 1,215,000 | 318,663 |
| 2013 | 1,405,000 | 257,912 |
| 2014 | 1,625,000 | 198,200 |
| 2015 | 1,895,000 | 116,950 |
| 2016 | <u>555,000</u> | <u>22,200</u> |
| Total | <u>\$ 7,755,000</u> | <u>\$ 1,274,988</u> |

NOTES PAYABLE

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

The agreement was entered into in June 19, 1991 and amended in May 11, 1995. After the project was completed, the City executed a promissory note in favor of OCWD for \$2,857,558, at an interest rate of 3.50 percent, payable semi-annually in the amount of \$99,935 beginning March 15, 1998 and ending September 15, 2017. The balance of the note as of June 30, 2010 is \$1,308,434. 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 | | |
|----------------|---------------------|-------------------|
| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> |
| 2011 | \$ 155,423 | \$ 44,447 |
| 2012 | 160,910 | 38,960 |
| 2013 | 166,591 | 33,279 |
| 2014 | 172,473 | 27,397 |
| 2015 | 178,562 | 21,307 |
| 2016-2018 | <u>474,475</u> | <u>25,198</u> |
| Total | <u>\$ 1,308,434</u> | <u>\$ 190,588</u> |

F. 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, 2010, the City and the Housing Authority of the City of Santa Ana issued residential mortgage revenue bonds totaling \$61,003,704. The proceeds of these bonds were used to purchase mortgage loans made to homeowners and developers for the purpose of financing single-family and multi-family dwellings.

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

| <u>Issue Date</u> | <u>Interest Rate</u> | <u>Amount</u> |
|-------------------|----------------------|----------------------|
| February 14, 1996 | Variable | \$ 7,900,000 |
| 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 |
| | | <u>\$ 61,003,704</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 \$8,000,000 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. This program has resulted in the retention or creation of 8,200 jobs in the City. As of June 30, 2010, fourteen issues totaling \$125,675,000 are outstanding (unaudited):

| <u>Issuing Authority</u> | <u>Number of Issues</u> | <u>Amount</u> |
|----------------------------------|-------------------------|----------------------|
| City Charter Authority | 2 | \$ 6,418,000 |
| Health Facility Revenue Bond | 2 | 48,800,000 |
| Industrial Development Authority | <u>10</u> | <u>70,457,000</u> |
| | <u>14</u> | <u>\$125,675,000</u> |

Commercial 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 percent and are due when the property is sold. Funds borrowed from the state are loaned to participants at an annual rate of 3 percent and become due in five years.

The City accounts for these programs in the Housing Rehabilitation Loan Program Agency Fund where amounts due to other governmental agencies of \$250,296 are reflected at June 30, 2010. 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 percent 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 in the redevelopment project areas, from which 20 percent of such revenues must be set aside for low and moderate income housing related activities per

State law. At June 30, 2010 loans totaling \$37,821,691 and \$38,831,329 were recorded as "loans and notes receivable" in the Special Revenue Grants Fund and Community Redevelopment Agency Capital Projects Fund, respectively.

G. Commitments

On October 27, 2005, the Santa Ana Financing Authority entered the Lease Agreement with the City of Santa Ana 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 Authority agreed to advance rental payment in the amount of \$5,970,000 to the City.

On October 27, 2005, the Authority 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 Santa Ana Financing Authority and the City of Santa Ana 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 Authority agreed to advance rental payment in the amount of \$8,470,000 to the City. On March 30, 2007, the Santa Ana Financing Authority and All Points Public Funding, LLC amended the Assigned Agreement to the lease amount of \$8,470,000.

The amended Lease Payment schedule was computed at 4.78% per annum on \$8,470,000 as follows. The future minimum lease payments required under the term of the lease at June 30, 2010 totaled \$7,541,969.

| Period Ending June 30 | Principal Component | Interest Component | Total Lease Payment |
|--------------------------|------------------------|-----------------------|------------------------|
| 2011 | \$ 322,987 | \$ 356,835 | \$ 679,822 |
| 2012 | 338,617 | 341,205 | 679,822 |
| 2013 | 355,002 | 324,819 | 679,821 |
| 2014 | 372,181 | 307,640 | 679,822 |
| 2015 | 390,192 | 289,630 | 679,823 |
| 2016-2020 | 2,253,132 | 1,145,976 | 3,399,108 |
| 2021-2025 | 2,853,663 | 545,445 | 3,399,108 |
| 2026 | 656,195 | 23,627 | 679,822 |
| | <u>\$ 7,541,969</u> | <u>\$ 3,335,177</u> | <u>\$ 10,877,148</u> |

On February 6, 2006, the Redevelopment Agency entered the agreement with the Charles W. Bowers Museum Corporation to guaranty the payment of the Obligation Amount in form of a guaranty of a standby line of credit to be issued by the bank in the amount of \$1,000,000. The agreement is to give financial assistance to the Bowers Museum Corporation for its expansion and redevelopment of the Museum. This Guaranty Agreement constituted a continuing agreement between the Agency and the East West Bank to secure the full and final repayment of the Obligation.

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 three separated Internal Service Funds for the administration of the City's self-insurance programs and the payment of health and dental benefits (Employee Group insurance Fund), workers' compensation (Workers Compensation Fund) and liability claims (Liability and Property Insurance Fund). 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 \$500,000 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, as above mentioned. All BICEP members share risk the first layer of \$1 million to \$2 million. Reinsurance and excess insurance covers amounts from \$2 million to \$102 million. All BICEP Members participate from \$.01 to 27 million and some members, like Santa Ana, participate in excess insurance purchase above \$27 million, in this case to \$102 million. 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 Public Employees Retirement System (PERS) Health Insurance Program to cover claims of employees participating in the HMO plans contracted by PERS. 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 Liability and Property insurance Fund and the Workers Compensation 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 PERS 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, 2010, the outstanding losses for the workers' compensation and liability programs are reported at their discounted present value. The outstanding losses are discounted at a 3.5 percent 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, 2010. Changes in the balances of claims liabilities since July 1, 2008 resulted from the following:

NOTES TO THE BASIC FINANCIAL STATEMENTS

| | Workers' | | Liability | Total |
|-----------------------------------|----------------------|---------------------|----------------------|-------|
| | <u>Compensation</u> | | | |
| Net Unpaid Claims - July 1, 2008 | \$ 18,276,678 | \$ 5,873,579 | \$ 24,150,257 | |
| Claims and Changes in Estimate | 7,404,063 | 72,769 | 7,476,832 | |
| Claims Payments | <u>(4,231,565)</u> | <u>(957,313)</u> | <u>(5,188,878)</u> | |
| Unpaid Claims - June 30, 2009 | 21,449,176 | 4,989,035 | 26,438,211 | |
| Less Discount Taken | <u>(2,859,036)</u> | <u>(297,243)</u> | <u>(3,156,279)</u> | |
| Net Unpaid Claims - June 30, 2009 | <u>\$ 18,590,140</u> | <u>\$ 4,691,792</u> | <u>\$ 23,281,932</u> | |

| | Workers' | | Liability | Total |
|-----------------------------------|----------------------|---------------------|----------------------|-------|
| | <u>Compensation</u> | | | |
| Net Unpaid Claims - July 1, 2009 | \$ 18,590,140 | \$ 4,691,792 | \$ 23,281,932 | |
| Claims and Changes in Estimate | 7,514,161 | 189,590 | 7,703,751 | |
| Claims Payments | <u>(4,292,523)</u> | - | <u>(4,292,523)</u> | |
| Unpaid Claims - June 30, 2010 | 21,811,778 | 4,881,382 | 26,693,160 | |
| Less Discount Taken | <u>(2,902,045)</u> | <u>(305,311)</u> | <u>(3,207,356)</u> | |
| Net Unpaid Claims - June 30, 2010 | <u>\$ 18,909,733</u> | <u>\$ 4,576,071</u> | <u>\$ 23,485,804</u> | |

B. Related Party Transactions. As explained in Note 1A., this report includes the accounts of the Redevelopment Agency, the Housing Authority, and the Financing Authority, each of which are considered component units of the primary government. Each of these units are operated by City employees, some of whom provide services for (or exert management influence over) more than one of these 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 are executed at appraised value usually net of cost incurred by the acquiring unit. Projects performed by the City on behalf of the Redevelopment Agency are charged at cost, for which the Redevelopment Agency assumes a long-term obligation to pay from future tax increment revenues. As of June 30, 2010, the total obligations for project costs is \$430,316,365 were assumed by the Redevelopment Agency. See also Note 3B.

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, 2010 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 "Authority") was created in January 1966 under a Joint Exercise of Powers Agreement between the City of Santa Ana and the County of Orange. The purpose of the Authority 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 Authority by the County and the City. Upon completion of construction, the Authority 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 FY 93-94. 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 Authority to administer the Civic Center parking lot and the Parking/Maintenance Fund. Parking revenue is retained by the Authority 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 Authority shall be conveyed to the State, the County and the City, as applicable. Audited financial information of the Authority is available at the office of the Auditor-Controller, County of Orange, Finance Building, 630 North Broadway P.O. Box 567, Santa Ana, California 92702-0567.

The Countywide Public Financing Authority ("CPFA") was created under a Joint Powers Agreement (the "Agreement"), dated June 19, 1996, by and among the cities of Brea, Buena Park, Fullerton, Garden Grove, Orange, Santa Ana, Seal Beach, Stanton and Tustin (collectively, the "Members"). The purpose of this Agreement is to provide for the financing of public capital improvements for, and working capital requirements of, the Members through the acquisition by CPFA of such public capital improvements and/or the purchase by the Authority 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) *Plan Description.* The City of Santa Ana contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

(B) *Funding Policy.* 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. As an employer, the City is required to contribute an actuarially determined percentage rate of annual covered payroll. The fiscal year 2009-10 rate was 22.567% for the safety employees and 13.118% for non-safety employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

The funded status of the plan (in thousands) based on the June 30, 2009 actuarial valuation is as follows:

| Accrued Liability | Actuarial Value of Assets | Unfunded Liability | Funded Ratio | Annual Covered Payroll | Actuarial Accrued Liability % of Payroll |
|---------------------------|---------------------------|--------------------|--------------|------------------------|--|
| <u>Miscellaneous Plan</u> | | | | | |
| \$ 573,851 | \$ 483,527 | \$ 90,324 | 84.30% | \$ 71,649 | 126.10% |
| <u>Safety Plan</u> | | | | | |
| \$ 790,899 | \$ 691,149 | \$ 99,750 | 87.40% | \$ 62,068 | 160.70% |

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

(C) *Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation to CalPERS for the current year were as follow:

(Dollar amounts in thousands)

| | |
|---|-----------|
| Annual required contributions | \$ 22,882 |
| Interest on net pension obligation | - |
| Adjustment to annual required contribution | - |
| Annual pension Cost | 22,882 |
| Contribution made | (22,882) |
| Increase (decrease) in net pension obligation | - |
| Net pension obligation beginning of year | - |
| Net pension obligation end of year | \$ - |

For fiscal year 2009-10, the City's annual pension cost of \$22,882,357 for CalPERS was equal to the City's required and actual contributions. For fiscal year 2009-10, total member's contribution to CalPERS, including contributions on behalf of employees, was \$34,420,399. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases from 3.25% to 13.15% that vary by duration of service, age and type of employment. Also included is an inflation component of 3% and payroll growth of 3.25%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). The assumptions used for determining the contribution requirements are the same as the assumptions used in the calculation of the funded status. CalPERS 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, 2037.

Three-year trend information for CalPERS (dollar amount in thousands):

| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|----------------|------------------------------|----------------------------------|---------------------------|
| 06/30/08 | \$ 18,537 | 100% | - |
| 06/30/09 | 22,504 | 100% | - |
| 06/30/10 | 22,882 | 100% | - |

F. Retirement Health Benefits.

1. The Santa Ana Firemen's Benevolent Association (FBA)

(A) *Plan Description.* Article XIV, Section 6, of the Memorandum of Understanding between the City and the Santa Ana Firemen's Benevolent Association (FBA) through June 30, 2010 provides that the City shall administer a "flat rate" retiree Health Insurance Premium Reduction Program, available to retirees of the FBA. This plan is a single-employer defined benefit plan and does not issue separate financial statements. This plan is part of the Subsidy Plan.

(B) *Eligibility.* Employees who are members of the FBA retiring on or after July 1, 1989 are eligible to participate regardless of whether or not they are participating in a City-sponsored medical plan on their date of retirement. If retirees do not elect coverage on their date of retirement, they will not be eligible for coverage at any other time in the future. In addition, to be eligible, employees must have at least ten years of service on the date they retire. This requirement will be waived for any employees retiring due to disability.

(C) *Funding Policy.* The City's monthly contribution is based on a flat dollar amount per year of service. Beginning in 1989, the flat dollar levels were \$2.20 for single coverage and \$5.50 for family coverage. These amounts increase by 5% each year. When the employee dies, the City's contribution ceases regardless of whether or not the dependents are still living. Currently, there are (101) retirees participating in the program. The program is advance funded and the City has annually made available (beginning October 1, 1990) an amount equal to one percent of the FBA unit's current salary base. Effective October 1, 2010 this amount will remain the same as last fiscal year, 1.75%.

(D) *Funded Status and Funding Progress* Contributions made to the fund in fiscal year 2009-10 totaled \$382,264. The balance available at June 30, 2010 totaled \$1,549,418, which is reported in the Retiree Health Insurance Subsidy Agency fund, which is not an irrevocable trust.

2. The City's Other Employees

(A) *Plan Description.* During fiscal year 2001-02, the City expanded the post employment health benefits to cover other represented associations such as the Police Management Association (PMA), the Fire Management Association (FMA), the Santa Ana City Employee's Chapter 1939/SEIU Local 347 (SEIU), the Mid/Administrative Managers' Association (SAMA), and the Unclassified (UC) employees. Additionally, 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. These plans are single-employer defined benefit plans and do not issue separate financial statements. These plans are considered the Subsidy Plan.

(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 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, 2010:

| | <u>SEIU</u> | <u>PMA</u> | <u>FMA</u> | <u>SAMA</u> | <u>UC</u> | <u>POA (1)</u> |
|---|-------------------|------------------|------------------|------------------|------------------|-----------------|
| Retirees and beneficiaries receiving benefits | 144 | 15 | 7 | 21 | 5 | - |
| Terminated plan members entitled to but not yet receiving benefits | 43 | 2 | 1 | 6 | 2 | - |
| Active plan members | <u>388</u> | <u>17</u> | <u>6</u> | <u>39</u> | <u>31</u> | <u>-</u> |
| Total | <u><u>575</u></u> | <u><u>34</u></u> | <u><u>14</u></u> | <u><u>66</u></u> | <u><u>38</u></u> | <u><u>-</u></u> |

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

(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 2010, the negotiated percentage is 1% for SAMA, UC and SEIU; 1.75% for FMA; and .5% for POA and PMA. Eligibility and benefits varies depending upon the pertinent provisions as embodied in each bargaining units' Memorandum of Understanding (MOU) with the City. SAMA, UC agreed to defer their 1.75% negotiated City's contribution percentage on the subsidy plan until fiscal year 2011-12.

(D) *Annual Pension Cost and Funded Status.* Contributions made by the City to each respective bargaining unit in fiscal year 2009-10 and the respective units' balances available for benefits (not held in an irrevocable trust) at June 30, 2010 were as follows:

| | <u>Contribution</u> | <u>Balance in Agency Fund</u> |
|---------|---------------------|-----------------------------------|
| POA | \$ 370,543 | \$ N/A (1) |
| PMA | 50,874 | 172,488 |
| SEIU | 645,837 | 1,060,572 |
| FMA | 20,147 | 17,324 |
| SAMA/UC | - | (2) 654,726 |
| Total | <u>\$ 1,087,401</u> | <u>\$ 1,905,110</u> |

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

(2) SAMA/UC contribution were deferred to FY 2011-12

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.

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

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.

FMA) joined PEMHCA on 1/1/98. All other employee groups (excluding POA) joined PEMHCA on 1/1/99.

(A) *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 retire, and are eligible for a PERS pension.

(B) *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 \$97 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 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. The maximum adjustment to the minimum contribution is \$100 per annuitant per month. During fiscal year 09-10, the total City’s PEMHCA contribution for retirees was \$220,830.

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 2010 is \$105 monthly under the unequal contributions provision based on year entering the plan with a 4.5% increase assumptions. The Medical Trend Rates are as follow:

| <u>Year</u> | <u>Rate</u> |
|-------------|-------------|
| 2010 | 10% |
| 2011 | 9% |
| 2012 | 8% |
| 2013 | 7% |
| 2014 | 6% |
| 2015+ | 5% |

4. 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, 2037. 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:

NOTES TO THE BASIC FINANCIAL STATEMENTS

| (Dollar amounts in thousands) | POA (1) | PMA | FBA | FMA | SEIU | UC | EM | Total PEMHCA |
|--|---------|--------|----------|-------|----------|--------|--------|-----------------|
| PEMHCA | | | | | | | | |
| Annual required contribution | \$ - | \$ 55 | \$ 506 | \$ 14 | \$ 918 | \$ 82 | \$ 101 | \$ 1,676 |
| Interest on net OPEB obligation | - | 5 | 32 | 1 | 76 | 7 | 8 | 129 |
| Adjustment to annual required contribution | - | (5) | (32) | (1) | (76) | (7) | (8) | (129) |
| Annual OPEB cost (expense) | - | 55 | 506 | 14 | 918 | 82 | 101 | 1,676 |
| Contribution made | - | (11) | (67) | (3) | (126) | (6) | (10) | (223) |
| Increase (decrease) in net OPEB obligation | - | 44 | 439 | 11 | 792 | 76 | 91 | 1,453 |
| Net OPEB obligation - beginning of year | - | 119 | 753 | 26 | 1,789 | 158 | 182 | 3,027 |
| Net OPEB obligation - end of year | \$ - | \$ 163 | \$ 1,192 | \$ 37 | \$ 2,581 | \$ 234 | \$ 273 | \$ 4,480 |

(1) POA did not participate in CalPERS Health Benefits under PEMHCA with the City

| (Dollar amounts in thousands) | POA | PMA | FBA | FMA | SEIU | UC | EM | Total Subsidy Plan |
|--|-----------|-------|----------|--------|----------|--------|--------|--------------------------|
| SUBSIDY PLAN | | | | | | | | |
| Annual required contribution | \$ 3,805 | \$ 35 | \$ 1,220 | \$ 32 | \$ 1,332 | \$ 197 | \$ 200 | \$ 6,821 |
| Interest on net OPEB obligation | 314 | 2 | 42 | 6 | 81 | 11 | 8 | 464 |
| Adjustment to annual required contribution | (314) | (2) | (42) | (6) | (81) | (11) | (8) | (464) |
| Annual OPEB cost (expense) | 3,805 | 35 | 1,220 | 32 | 1,332 | 197 | 200 | 6,821 |
| Contribution made | (371) | (51) | (382) | (20) | (646) | - | - | (1,470) |
| Increase (decrease) in net OPEB obligation | 3,434 | (16) | 838 | 12 | 686 | 197 | 200 | 5,351 |
| Net OPEB obligation - beginning of year | 7,389 | 45 | 997 | 133 | 1,910 | 269 | 198 | 10,941 |
| Net OPEB obligation - end of year | \$ 10,823 | \$ 29 | \$ 1,835 | \$ 145 | \$ 2,596 | \$ 466 | \$ 398 | \$ 16,292 |

(Dollar amounts in thousands)

| TOTAL OPEB | PEMHCA | Subsidy Plan | Total OPEB |
|--|----------|-----------------|---------------|
| Annual required contribution | \$ 1,676 | \$ 6,821 | \$ 8,497 |
| Interest on net OPEB obligation | 129 | 464 | 593 |
| Adjustment to annual required contribution | (129) | (464) | (593) |
| Annual OPEB cost (expense) | 1,676 | 6,821 | 8,497 |
| Contribution made | (223) | (1,470) | (1,693) |
| Increase (decrease) in net OPEB obligation | 1,453 | 5,351 | 6,804 |
| Net OPEB obligation - beginning of year | 3,027 | 10,941 | 13,968 |
| Net OPEB obligation - end of year | \$ 4,480 | \$ 16,292 | \$ 20,772 |

The required contribution was determined as part of the June 30, 2010 actuarial valuation. The actuarial assumptions for both PEMHCA and Subsidy plans included (a) 4.25% 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 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 2010 and the three preceding years were as follows:

(Dollar amounts in thousands):

| | Year Ended | Annual Required Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---------|---------------|------------------------------------|--|---------------------------|
| POA | 06/30/08 | 3,944 | 11.7% | 3,484 |
| PMA | 06/30/08 | 92 | 22.8% | 71 |
| FBA | 06/30/08 | 1,300 | 29.8% | 912 |
| FMA | 06/30/08 | 98 | 23.5% | 75 |
| SEIU | 06/30/08 | 2,382 | 14.9% | 2,028 |
| SAMA/UC | 06/30/08 | 589 | 4.9% | 560 |
| Total | | 8,405 | 15.2% | 7,130 |
| POA | 06/30/09 | 4,037 | 9.7% | 7,389 |
| PMA | 06/30/09 | 126 | 32.5% | 164 |
| FBA | 06/30/09 | 1,330 | 33.6% | 1,750 |
| FMA | 06/30/09 | 102 | 18.6% | 159 |
| SEIU | 06/30/09 | 2,509 | 28.7% | 3,699 |
| SAMA/UC | 06/30/09 | 569 | 38.3% | 807 |
| Total | | 8,673 | 20.5% | 13,968 |
| POA | 06/30/10 | 3,805 | 9.8% | 10,823 |
| PMA | 06/30/10 | 90 | 65.6% | 192 |
| FBA | 06/30/10 | 1,726 | 25.7% | 3,027 |
| FMA | 06/30/10 | 46 | 47.8% | 182 |
| SEIU | 06/30/10 | 2,250 | 33.5% | 5,177 |
| SAMA/UC | 06/30/10 | 580 | 2.9% | 1,371 |
| Total | | 8,497 | 19.9% | 20,772 |

Funded Status as of June 30, 2010 is as follows (Dollar amounts in thousands):

| | (a) Entry Age Normal Actuarial Valuation Date | (a) Actuarial Liability (AAL) | (b) Actuarial Value of Assets | (a)-(b)=(c) Unfunded/ (Overfunded) Actuarial Accrued Liability (UAAL) | (b)/(a) Funded Ratio | (d) Annual Covered Payroll | (c)/(d) UAAL As a % of Covered Payroll |
|---------|--|-------------------------------------|--|---|----------------------------|-------------------------------------|--|
| POA | 06/30/10 | \$ 46,312 | \$ - | \$ 46,312 | 0% | \$ 60,057 | 77.1% |
| PMA | 06/30/10 | 1,781 | - | 1,781 | 0% | 2,385 | 74.7% |
| FBA | 06/30/10 | 26,294 | - | 26,294 | 0% | 25,188 | 104.4% |
| SEIU | 06/30/10 | 32,482 | - | 32,482 | 0% | 53,889 | 60.3% |
| FMA | 06/30/10 | 888 | - | 888 | 0% | 815 | 109.0% |
| SAMA/UC | 06/30/10 | 7,590 | - | 7,590 | 0% | 10,270 | 73.9% |
| Total | | \$ 115,347 | \$ - | \$ 115,347 | 0% | \$ 152,604 | 75.6% |

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.

Note 5. REISSUANCE OF THE BASIC FINANCIAL STATEMENTS

Subsequent to the issuance of the City's basic financial statements on December 15, 2010, an error was discovered by management whereby the net assets for the non-major proprietary funds and the business-type activities were not correctly classified between restricted and unrestricted categories. The City incorrectly classified net assets as restricted in the non-major enterprise funds and, additionally, had a mathematical error in the business-type activities-enterprise funds total column in the proprietary fund statements. The correction of the error resulted in a decrease in restricted net assets and an increase in unrestricted net assets in the non-major proprietary funds in the amount of \$6,862,449 and an decrease in restricted net assets and an increase in unrestricted nest assets in the government-wide business-type activities in the amount of \$27,569,484.



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Required Supplementary Information

Required Supplementary
Information



**General Fund
Budgetary Comparison Schedule
Year ended June 30, 2010**

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|--------------|--------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Taxes | \$ 147,187,106 | 147,187,106 | 138,722,610 | \$ (8,464,496) |
| License and permits | 3,029,983 | 3,029,983 | 2,830,743 | (199,240) |
| Intergovernmental | 2,575,880 | 2,575,880 | 2,349,978 | (225,902) |
| Charges for services | 12,210,416 | 12,222,416 | 8,750,696 | (3,471,720) |
| Fines and forfeits | 8,556,973 | 8,556,973 | 6,435,216 | (2,121,757) |
| Investment income | 1,050,000 | 1,050,000 | 200,675 | (849,325) |
| Miscellaneous | 31,513,264 | 31,613,604 | 33,729,124 | 2,115,520 |
| Total revenues | 206,123,622 | 206,235,962 | 193,019,042 | (13,216,920) |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| City council | 837,545 | 837,649 | 800,544 | 37,105 |
| Clerk of the council | 675,840 | 675,840 | 604,096 | 71,744 |
| City attorney | 2,190,646 | 2,210,796 | 1,986,147 | 224,649 |
| City manager | 913,945 | 913,945 | 654,275 | 259,670 |
| Nondepartmental | 2,560,765 | 2,876,609 | 2,246,104 | 630,505 |
| Total general government | 7,178,741 | 7,514,839 | 6,291,166 | 1,223,673 |
| Human resources | 1,593,085 | 1,602,258 | 1,580,612 | 21,646 |
| Finance and management services | 4,670,246 | 4,804,033 | 3,632,161 | 1,171,872 |
| Museum | 1,825,385 | 1,825,385 | 1,823,284 | 2,101 |
| Library | 3,217,940 | 3,261,688 | 2,965,430 | 296,258 |
| Recreation and community services | 14,215,750 | 14,847,426 | 13,694,900 | 1,152,526 |
| Police department | 105,904,048 | 106,844,531 | 106,391,097 | 453,434 |
| Fire department | 51,159,248 | 51,563,270 | 47,946,046 | 3,617,224 |
| Planning and building | 9,383,022 | 9,555,863 | 8,113,538 | 1,442,325 |
| Public works | 4,247,599 | 4,984,605 | 4,907,735 | 76,870 |
| Community development | 486,000 | 540,183 | 331,017 | 209,166 |
| | 196,702,323 | 199,829,242 | 191,385,820 | 8,443,422 |
| Capital outlay | 2,289,427 | 3,214,203 | 635,243 | 2,578,960 |
| Debt service: | | | | |
| Principal retirement | 1,443,569 | 1,071,831 | 1,017,642 | 54,189 |
| Interest and fiscal charges | 526,524 | 898,267 | 897,039 | 1,228 |
| Total expenditures | 208,140,584 | 212,528,382 | 200,226,910 | 12,301,472 |
| Excess (deficiency) of revenues over (under) expenditures | (2,016,962) | (6,292,420) | (7,207,868) | (915,448) |
| Other financing sources (uses): | | | | |
| Transfers in | 10,365,736 | 10,365,736 | 11,908,177 | 1,542,441 |
| Transfers out | (12,642,655) | (12,642,655) | (12,565,440) | 77,215 |
| Total other financing sources (uses) | (2,276,919) | (2,276,919) | (657,263) | 1,619,656 |
| Net change in fund balance | (4,293,881) | (8,569,339) | (7,865,131) | 704,208 |
| Fund balance - beginning | 16,335,714 | 16,335,714 | 16,335,714 | - |
| Fund balance - ending | \$ 12,041,833 | 7,766,375 | 8,470,583 | \$ 704,208 |

See Accompanying Note to Required Supplementary Information.

Special Revenue Housing Authority Fund
Budget Comparison Schedule
Year ended June 30, 2010

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|----------------------------|----------------------------|-------------------------|-------------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Intergovernmental | \$ 28,158,205 | 28,158,205 | 29,860,427 | \$ 1,702,222 |
| Investment Income | - | - | 36,089 | 36,089 |
| Miscellaneous | 50,000 | 50,000 | 137,001 | 87,001 |
| Total revenues | <u>28,208,205</u> | <u>28,208,205</u> | <u>30,033,517</u> | <u>1,825,312</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Community development | <u>28,359,860</u> | <u>28,392,594</u> | <u>31,442,715</u> | <u>(3,050,121)</u> |
| Net change in fund balance | <u>(151,655)</u> | <u>(184,389)</u> | <u>(1,409,198)</u> | <u>(1,224,809)</u> |
| Fund balance - beginning | 5,106,878 | 5,106,878 | 5,106,878 | - |
| Fund balance - ending | \$ <u><u>4,955,223</u></u> | <u><u>4,922,489</u></u> | <u><u>3,697,680</u></u> | \$ <u><u>(1,224,809)</u></u> |

See Accompanying Note to Required Supplementary Information.

**Special Revenue Gas Tax Fund
Budget Comparison Schedule
Year ended June 30, 2010**

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|----------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Intergovernmental | \$ 5,811,325 | 5,811,325 | 5,913,205 | \$ 101,880 |
| Investment income | - | 160,000 | 300,255 | 140,255 |
| Total revenues | <u>5,811,325</u> | <u>5,971,325</u> | <u>6,213,460</u> | <u>242,135</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | 3,437,210 | 3,619,634 | 1,872,902 | 1,746,732 |
| Debt service: | | | | |
| Interest and fiscal charges | 3,082,785 | 3,082,785 | 3,082,781 | (4) |
| Total expenditures | <u>6,519,995</u> | <u>6,702,419</u> | <u>4,955,683</u> | <u>1,746,728</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(708,670)</u> | <u>(731,094)</u> | <u>1,257,777</u> | <u>1,988,871</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(31,000,000)</u> | <u>(31,000,000)</u> | <u>(18,019,480)</u> | <u>12,980,520</u> |
| Net change in fund balance | <u>(31,708,670)</u> | <u>(31,731,094)</u> | <u>(16,761,703)</u> | <u>14,969,391</u> |
| Fund balance - beginning | <u>52,773,688</u> | <u>52,773,688</u> | <u>52,773,688</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 36,011,984</u> | <u>21,042,595</u> | <u>36,011,985</u> | <u>\$ 14,969,391</u> |

See Accompanying Note to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, YEAR ENDED JUNE 30, 2010

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 Special Gas Tax, Sewer Connection Fee, Civic Center and Maintenance, Housing Authority, Inmate Welfare, and Air Quality Improvement. The budgetary control for the Special Revenue Funds is under the department in charged. The Public Works Department is responsible for the budget of the Special Gas Tax and Sewer Connection Fee funds. The Recreation and Community Services Department is responsible for the Civic Center and Maintenance fund. Housing Authority and the Air Quality Improvement funds were managed by the Community Development and the Planning and Building Department. 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. 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.

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. All 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, 2010, proceeds of taxes did not exceed related appropriations.

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

**Required Supplementary Information
Miscellaneous and Safety Plans
Schedule of Funding Progress
June 30, 2010
(in thousands)**

| Plan | Actuarial Valuation Date | (a) Entry Age Normal Actuarial Accrued Liability (AAL) | (b) Actuarial Value of Assets | (c) Unfunded/ (Overfunded) Actuarial Accrued Liability (UAAL) | (b)/(a) Funded Ratio | (d) Annual Covered Payroll | (c)/(d) UAAL As a % of Covered Payroll |
|---------------|--------------------------------|---|--|---|----------------------------|-------------------------------------|--|
| Miscellaneous | 06/30/07 | \$ 453,967 | \$427,149 | \$ 26,818 | 94.1% | \$67,453 | 39.8% |
| Safety | 06/30/07 | 682,433 | 625,094 | 57,339 | 91.6% | 56,546 | 101.4% |
| Miscellaneous | 06/30/08 | 491,604 | 458,593 | 33,011 | 93.3% | 74,884 | 44.1% |
| Safety | 06/30/08 | 723,343 | 664,953 | 58,390 | 91.9% | 59,327 | 98.4% |
| Miscellaneous | 06/30/09 | 573,851 | 483,527 | 90,324 | 84.3% | 71,649 | 126.1% |
| Safety | 06/30/09 | 790,899 | 691,149 | 99,750 | 87.4% | 62,068 | 160.7% |

**Required Supplementary Information
OPEB Schedule of Funding Progress
June 30, 2010
(in thousands)**

| | Actuarial Valuation Date | (a) Entry Age Normal Actuarial Accrued Liability (AAL) | (b) Actuarial Value of Assets | (a)-(b)=(c) Unfunded/ (Overfunded) Actuarial Accrued Liability (UAAL) | (b)/(a) Funded Ratio | (d) Annual Covered Payroll | (c)/(d) UAAL As a % of Covered Payroll |
|---------|--------------------------------|---|--|---|----------------------------|-------------------------------------|--|
| POA | 06/30/08 | \$ 45,550 | - | \$ 45,550 | 0% | \$ 56,337 | 80.9% |
| PMA | 06/30/08 | 2,172 | - | 2,172 | 0% | 2,237 | 97.1% |
| FBA | 06/30/08 | 18,591 | - | 18,591 | 0% | 23,627 | 78.7% |
| SEIU | 06/30/08 | 28,860 | - | 28,860 | 0% | 50,551 | 57.1% |
| FMA | 06/30/08 | 1,554 | - | 1,554 | 0% | 764 | 203.4% |
| SAMA/UC | 06/30/08 | 7,085 | - | 7,085 | 0% | 9,633 | 73.5% |
| Total | | <u>103,812</u> | <u>-</u> | <u>103,812</u> | <u>0%</u> | <u>143,149</u> | <u>72.5%</u> |
| POA | 06/30/09 | 47,115 | - | 47,115 | 0% | 58,167 | 81.0% |
| PMA | 06/30/09 | 2,241 | - | 2,241 | 0% | 2,310 | 97.0% |
| FBA | 06/30/09 | 19,272 | - | 19,272 | 0% | 24,395 | 79.0% |
| SEIU | 06/30/09 | 29,750 | - | 29,750 | 0% | 52,193 | 57.0% |
| FMA | 06/30/09 | 1,609 | - | 1,609 | 0% | 789 | 203.9% |
| SAMA/UC | 06/30/09 | 7,349 | - | 7,349 | 0% | 9,947 | 73.9% |
| Total | | <u>107,336</u> | <u>-</u> | <u>107,336</u> | <u>0%</u> | <u>147,801</u> | <u>72.6%</u> |
| POA | 06/30/10 | 46,312 | - | 46,312 | 0% | 60,057 | 77.1% |
| PMA | 06/30/10 | 1,781 | - | 1,781 | 0% | 2,385 | 74.7% |
| FBA | 06/30/10 | 26,294 | - | 26,294 | 0% | 25,188 | 104.4% |
| SEIU | 06/30/10 | 32,482 | - | 32,482 | 0% | 53,889 | 60.3% |
| FMA | 06/30/10 | 888 | - | 888 | 0% | 815 | 109.0% |
| SAMA/UC | 06/30/10 | 7,590 | - | 7,590 | 0% | 10,270 | 73.9% |
| Total | | <u>\$ 115,347</u> | <u>-</u> | <u>\$ 115,347</u> | <u>0%</u> | <u>\$152,604</u> | <u>75.6%</u> |



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Supplementary Schedules

Supplementary Schedules



**Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010**

| | Special Revenue Funds | Capital Projects Funds | Total |
|--|-----------------------------|------------------------------|----------------------|
| Assets | | | |
| Cash and investments | \$ 6,061,493 | 8,863,004 | \$ 14,924,497 |
| Receivables (net of allowance for uncollectibles): | | | |
| Interest | 8,992 | 13,507 | 22,499 |
| Intergovernmental | 691,819 | 961,281 | 1,653,100 |
| Total assets | <u>\$ 6,762,304</u> | <u>9,837,792</u> | <u>\$ 16,600,096</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 392,522 | 55,164 | \$ 447,686 |
| Retention payable | - | 36,310 | 36,310 |
| Due to other funds | - | 1,043,314 | 1,043,314 |
| Deferred revenues | 521,728 | 751,351 | 1,273,079 |
| Total liabilities | <u>914,250</u> | <u>1,886,139</u> | <u>2,800,389</u> |
| Fund balances: | | | |
| Restricted for: | | | |
| Community development | - | 1,051,166 | 1,051,166 |
| Public safety | 265,813 | - | 265,813 |
| Drainage construction | - | 4,495,247 | 4,495,247 |
| Other capital projects | 5,236,102 | - | 5,236,102 |
| Cultural recreation and community services | 431,661 | 3,330,098 | 3,761,759 |
| Unassigned | (85,522) | (924,858) | (1,010,380) |
| Total fund balances | <u>5,848,054</u> | <u>7,951,653</u> | <u>13,799,707</u> |
| Total liabilities and fund balances | <u>\$ 6,762,304</u> | <u>9,837,792</u> | <u>\$ 16,600,096</u> |

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2010

| | Special Revenue Funds | Capital Projects Funds | Total |
|--|-----------------------------|------------------------------|----------------------|
| Revenues: | | | |
| Taxes | \$ - | 9,760 | \$ 9,760 |
| Intergovernmental | 4,276,499 | 1,950,244 | 6,226,743 |
| Charges for services | 145,616 | 1,170,839 | 1,316,455 |
| Investment income | 53,647 | 71,174 | 124,821 |
| Miscellaneous | 452,005 | 1,061,809 | 1,513,814 |
| Total revenues | <u>4,927,767</u> | <u>4,263,826</u> | <u>9,191,593</u> |
| Expenditures: | | | |
| Current: | | | |
| Human resources | 241,396 | - | 241,396 |
| Recreation and community services | 3,563,166 | 53,928 | 3,617,094 |
| Police department | 1,473,195 | - | 1,473,195 |
| Planning and building | 183,933 | - | 183,933 |
| Public works | 125,588 | - | 125,588 |
| Capital outlay | 51,726 | 2,533,493 | 2,585,219 |
| Total expenditures | <u>5,639,004</u> | <u>2,587,421</u> | <u>8,226,425</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(711,237)</u> | <u>1,676,405</u> | <u>965,168</u> |
| Other financing sources: | | | |
| Transfers in | 522,785 | - | 522,785 |
| Net change in fund balances | (188,452) | 1,676,405 | 1,487,953 |
| Fund balances - beginning | <u>6,036,506</u> | <u>6,275,248</u> | <u>12,311,754</u> |
| Fund balances - ending | <u>\$ 5,848,054</u> | <u>\$ 7,951,653</u> | <u>\$ 13,799,707</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, 2010

| | Sewer Connection Fee | Civic Center & Maintenance |
|--|----------------------------|-------------------------------|
| Assets | | |
| Cash and investments | \$ 5,284,129 | 23,063 |
| Receivables (net of allowance for uncollectibles): | | |
| Interest | 8,047 | - |
| Intergovernmental | - | 583,671 |
| Total assets | <u>\$ 5,292,176</u> | <u>606,734</u> |
| Liabilities and Fund Balances | | |
| Liabilities: | | |
| Accounts payable | \$ 56,074 | 278,676 |
| Deferred revenues | - | 413,580 |
| Total liabilities | <u>56,074</u> | <u>692,256</u> |
| Fund balances (deficit): | | |
| Restricted for: | | |
| Public safety | - | - |
| Other capital projects | 5,236,102 | - |
| Cultural recreation and community services | - | - |
| Unassigned | - | (85,522) |
| Total fund balances (deficit) | <u>5,236,102</u> | <u>(85,522)</u> |
| Total liabilities and fund balances | <u>\$ 5,292,176</u> | <u>606,734</u> |

NONMAJOR SPECIAL REVENUE FUNDS

| Inmate Welfare | Air Quality Improvement | Total |
|-------------------|-------------------------------|------------------|
| 288,182 | 466,119 \$ | 6,061,493 |
| 462 | 483 | 8,992 |
| - | 108,148 | 691,819 |
| <u>288,644</u> | <u>574,750 \$</u> | <u>6,762,304</u> |
| 22,831 | 34,941 \$ | 392,522 |
| - | 108,148 | 521,728 |
| <u>22,831</u> | <u>143,089</u> | <u>914,250</u> |
| 265,813 | - | 265,813 |
| - | - | 5,236,102 |
| - | 431,661 | 431,661 |
| - | - | (85,522) |
| <u>265,813</u> | <u>431,661</u> | <u>5,848,054</u> |
| <u>288,644</u> | <u>574,750 \$</u> | <u>6,762,304</u> |

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2010

| | Sewer Connection Fee | Civic Center & Maintenance |
|--|----------------------------|-------------------------------|
| Revenues: | | |
| Intergovernmental | \$ - | 3,981,940 |
| Charges for services | 145,616 | - |
| Investment income | 47,584 | - |
| Miscellaneous | - | - |
| Total revenues | <u>193,200</u> | <u>3,981,940</u> |
| Expenditures: | | |
| Current: | | |
| Human resources | - | - |
| Recreation and community services | - | 3,563,166 |
| Police department | - | 1,025,910 |
| Planning and building | - | - |
| Public works | 125,588 | - |
| Capital outlay | - | - |
| Total expenditures | <u>125,588</u> | <u>4,589,076</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>67,612</u> | <u>(607,136)</u> |
| Other financing sources: | | |
| Transfers in | - | 522,785 |
| Net change in fund balance | 67,612 | (84,351) |
| Fund balances (deficit) - beginning | <u>5,168,490</u> | <u>(1,171)</u> |
| Fund balances (deficit) - ending | <u>\$ 5,236,102</u> | <u>(85,522)</u> |

NONMAJOR SPECIAL REVENUE FUNDS

| Inmate Welfare | Air Quality Improvement | Total |
|-------------------|-------------------------------|--------------|
| - | 294,559 | \$ 4,276,499 |
| - | - | 145,616 |
| 2,904 | 3,159 | 53,647 |
| 449,420 | 2,585 | 452,005 |
| 452,324 | 300,303 | 4,927,767 |
| - | 241,396 | 241,396 |
| - | - | 3,563,166 |
| 447,285 | - | 1,473,195 |
| - | 183,933 | 183,933 |
| - | - | 125,588 |
| 51,726 | - | 51,726 |
| 499,011 | 425,329 | 5,639,004 |
| (46,687) | (125,026) | (711,237) |
| - | - | 522,785 |
| (46,687) | (125,026) | (188,452) |
| 312,500 | 556,687 | 6,036,506 |
| 265,813 | 431,661 | \$ 5,848,054 |

CITY OF SANTA ANA

**Nonmajor Special Revenue Funds
Sewer Connection Fee
Budgetary Comparison Schedule
Year ended June 30, 2010**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ 1,850,000 | 1,850,000 | 145,616 | \$ (1,704,384) |
| Investment income | - | - | 47,584 | 47,584 |
| Total revenues | <u>1,850,000</u> | <u>1,850,000</u> | <u>193,200</u> | <u>(1,656,800)</u> |
| Expenditures: | | | | |
| Public works | <u>1,850,000</u> | <u>1,850,000</u> | <u>125,588</u> | <u>1,724,412</u> |
| Total expenditures | <u>1,850,000</u> | <u>1,850,000</u> | <u>125,588</u> | <u>1,724,412</u> |
| Excess of revenues over expenditures | <u>-</u> | <u>-</u> | <u>67,612</u> | <u>67,612</u> |
| Net change in fund balance | - | - | 67,612 | 67,612 |
| Fund balance - beginning | <u>5,168,490</u> | <u>5,168,490</u> | <u>5,168,490</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 5,168,490</u> | <u>5,168,490</u> | <u>5,236,102</u> | <u>\$ 67,612</u> |

**Nonmajor Special Revenue Funds
Civic Center & Maintenance
Budgetary Comparison Schedule
Year ended June 30, 2010**

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|-----------|-----------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental | \$ 5,319,203 | 6,608,858 | 3,981,940 | \$ (2,626,918) |
| Total revenues | 5,319,203 | 6,608,858 | 3,981,940 | (2,626,918) |
| Expenditures: | | | | |
| Current: | | | | |
| Recreation and community services | 4,893,293 | 6,479,549 | 3,563,166 | 2,916,383 |
| Police department | 1,025,910 | 1,025,910 | 1,025,910 | - |
| Total expenditures | 5,919,203 | 7,505,459 | 4,589,076 | 2,916,383 |
| Excess (deficiency) of revenues over (under) expenditures | (600,000) | (896,601) | (607,136) | 289,465 |
| Other financing sources: | | | | |
| Transfers in | 600,000 | 600,000 | 522,785 | (77,215) |
| Net change in fund balances | - | (296,601) | (84,351) | 212,250 |
| Fund balance (deficit) - beginning | (1,171) | (1,171) | (1,171) | - |
| Fund balance (deficit) - ending | \$ (1,171) | (297,772) | (85,522) | \$ 212,250 |

Nonmajor Special Revenue Funds
Inmate Welfare Fund
Budgetary Comparison Schedule
Year ended June 30, 2010

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------|------------------|-----------|----------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Investment income | \$ 10,000 | 10,000 | 2,904 | \$ (7,096) |
| Miscellaneous | 400,000 | 400,000 | 449,420 | 49,420 |
| Total revenues | 410,000 | 410,000 | 452,324 | 42,324 |
| Expenditures: | | | | |
| Current: | | | | |
| Police department | 658,662 | 658,662 | 447,285 | 211,377 |
| Capital outlay | - | - | 51,726 | (51,726) |
| Total expenditures | 658,662 | 658,662 | 499,011 | 159,651 |
| Net change in fund balance | (248,662) | (248,662) | (46,687) | 201,975 |
| Fund balance - beginning | 312,500 | 312,500 | 312,500 | - |
| Fund balance - ending | \$ 63,838 | 63,838 | 265,813 | \$ 201,975 |

Nonmajor Special Revenue Funds
Air Quality Improvement
Budgetary Comparison Schedule
Year ended June 30, 2010

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------|-------------------|----------------|----------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 415,500 | 415,500 | 294,559 | \$ (120,941) |
| Investment income | 3,200 | 3,200 | 3,159 | (41) |
| Miscellaneous | 9,500 | 9,500 | 2,585 | (6,915) |
| Total revenues | <u>428,200</u> | <u>428,200</u> | <u>300,303</u> | <u>(127,897)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Human resources | 336,525 | 336,525 | 241,396 | 95,129 |
| Finance and management services | 350,000 | 350,000 | - | 350,000 |
| Planning and building | 154,008 | 154,008 | 183,933 | (29,925) |
| Total expenditures | <u>840,533</u> | <u>840,533</u> | <u>425,329</u> | <u>415,204</u> |
| Net change in fund balance | (412,333) | (412,333) | (125,026) | 287,307 |
| Fund balance - beginning | <u>556,687</u> | <u>556,687</u> | <u>556,687</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 144,354</u> | <u>144,354</u> | <u>431,661</u> | <u>\$ 287,307</u> |



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

Nonmajor Capital Projects Funds

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

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

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

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

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, 2010

| | Capital Grants | Drainage Construction |
|--|-------------------|--------------------------|
| Assets | | |
| Cash and investments | \$ - | 4,488,456 |
| Receivables (net of allowance for uncollectibles): | | |
| Interest | - | 6,791 |
| Intergovernmental | 961,281 | - |
| Total assets | <u>\$ 961,281</u> | <u>4,495,247</u> |
| Liabilities and Fund Balances | | |
| Liabilities: | | |
| Accounts payable | \$ 55,164 | - |
| Retention payable | 36,310 | - |
| Due to other funds | 1,043,314 | - |
| Deferred revenues | 751,351 | - |
| Total liabilities | <u>1,886,139</u> | <u>-</u> |
| Fund balances (deficit): | | |
| Restricted for: | | |
| Community development | - | - |
| Drainage construction | - | 4,495,247 |
| Cultural recreation and community services | - | - |
| Unassigned | (924,858) | - |
| Total fund balances (deficit) | <u>(924,858)</u> | <u>4,495,247</u> |
| Total liabilities and fund balances | <u>\$ 961,281</u> | <u>4,495,247</u> |

Nonmajor Capital Projects Funds

| Park Acquisitions & Development | Inclusionary Housing Fee | Total |
|---------------------------------------|--------------------------------|---------------------|
| 3,324,978 | 1,049,570 | \$ 8,863,004 |
| 5,120 | 1,596 | 13,507 |
| - | - | 961,281 |
| <u>3,330,098</u> | <u>1,051,166</u> | <u>\$ 9,837,792</u> |
| - | - | \$ 55,164 |
| - | - | 36,310 |
| - | - | 1,043,314 |
| - | - | 751,351 |
| - | - | <u>1,886,139</u> |
| - | 1,051,166 | 1,051,166 |
| - | - | 4,495,247 |
| 3,330,098 | - | 3,330,098 |
| - | - | (924,858) |
| <u>3,330,098</u> | <u>1,051,166</u> | <u>7,951,653</u> |
| <u>3,330,098</u> | <u>1,051,166</u> | <u>\$ 9,837,792</u> |

**Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2010**

| | Capital Grants | Drainage Construction |
|-------------------------------------|----------------------------|--------------------------|
| Revenues: | | |
| Taxes | \$ - | 9,760 |
| Intergovernmental | 1,950,244 | - |
| Charges for services | - | - |
| Investment income | - | 40,313 |
| Miscellaneous | - | - |
| Total revenues | <u>1,950,244</u> | <u>50,073</u> |
| Expenditures: | | |
| Current: | | |
| Recreation and community services | 53,928 | - |
| Capital outlay | <u>1,968,145</u> | <u>-</u> |
| Total expenditures | <u>2,022,073</u> | <u>-</u> |
| Net change in fund balances | <u>(71,829)</u> | <u>50,073</u> |
| Fund balances (deficit) - beginning | <u>(853,029)</u> | <u>4,445,174</u> |
| Fund balances (deficit) - ending | <u><u>\$ (924,858)</u></u> | <u><u>4,495,247</u></u> |

NONMAJOR CAPITAL PROJECTS FUNDS

| Park Acquisitions & Development | Inclusionary Housing Fee | Total |
|---------------------------------------|--------------------------------|--------------|
| - | | \$ 9,760 |
| - | | 1,950,244 |
| 1,170,839 | | 1,170,839 |
| 26,695 | 4,166 | 71,174 |
| 14,809 | 1,047,000 | 1,061,809 |
| 1,212,343 | 1,051,166 | 4,263,826 |
| - | - | 53,928 |
| 565,348 | - | 2,533,493 |
| 565,348 | - | 2,587,421 |
| 646,995 | 1,051,166 | 1,676,405 |
| 2,683,103 | - | 6,275,248 |
| 3,330,098 | 1,051,166 | \$ 7,951,653 |



CITY OF SANTA ANA, CALIFORNIA

Comprehensive
Annual Financial Report

Nonmajor Enterprise Funds

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

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

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

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

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

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

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 Assets
June 30, 2010

| | <u>Refuse Collections</u> | <u>Transportation Center</u> |
|--|---------------------------|----------------------------------|
| Assets: | | |
| Current assets: | | |
| Cash and investments | \$ 1,162,862 | 348,396 |
| Receivables: | | |
| Accounts | 1,720,226 | 46,786 |
| Allowance for uncollectible accounts | - | - |
| Interest | 1,280 | 890 |
| Total current assets | <u>2,884,368</u> | <u>396,072</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | - | 3,792,491 |
| Buildings | - | 8,607,909 |
| Improvements other than buildings | - | 3,462,519 |
| Equipment | 9,240,394 | - |
| Parking structures | - | 4,817,296 |
| Construction work in progress | - | - |
| Less accumulated depreciation | (9,240,394) | (8,812,483) |
| Total capital assets (net of accumulated depreciation) | <u>-</u> | <u>11,867,732</u> |
| Total noncurrent assets | <u>-</u> | <u>11,867,732</u> |
| Total assets | <u>2,884,368</u> | <u>12,263,804</u> |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 490,999 | 54,109 |
| Compensated absences payable (current portion) | - | 2,398 |
| Deposits payable | - | 11,000 |
| Total current liabilities | <u>490,999</u> | <u>67,507</u> |
| Noncurrent liabilities: | | |
| Compensated absences payable | - | 7,195 |
| Postemployment benefits obligation | 12,984 | 4,107 |
| Total noncurrent liabilities | <u>12,984</u> | <u>11,302</u> |
| Total liabilities | <u>503,983</u> | <u>78,809</u> |
| Net assets: | | |
| Invested in capital assets | - | 11,867,732 |
| Restricted for: | | |
| National Pollution Discharge Elimination System | - | - |
| Unrestricted | 2,380,385 | 317,263 |
| Total net assets | <u>\$ 2,380,385</u> | <u>12,184,995</u> |

NONMAJOR ENTERPRISE FUNDS

| Sewer | Sanitation | Federal Clean Water Protection | Total |
|---------------------|------------------|-----------------------------------|----------------------|
| 3,604,644 | 2,218,857 | 917,920 | \$ 8,252,679 |
| 804,876 | 1,190,951 | 162,910 | 3,925,749 |
| (18,115) | (8,395) | - | (26,510) |
| 8,769 | 5,171 | 1,922 | 18,032 |
| <u>4,400,174</u> | <u>3,406,584</u> | <u>1,082,752</u> | <u>12,169,950.00</u> |
| - | - | - | 3,792,491 |
| - | - | - | 8,607,909 |
| 37,336,292 | - | 547,015 | 41,345,826 |
| 11,218 | 51,630 | - | 9,303,242 |
| - | - | - | 4,817,296 |
| 796,896 | - | - | 796,896 |
| <u>(20,248,303)</u> | <u>(23,664)</u> | <u>(52,422)</u> | <u>(38,377,266)</u> |
| <u>17,896,103</u> | <u>27,966</u> | <u>494,593</u> | <u>30,286,394</u> |
| <u>17,896,103</u> | <u>27,966</u> | <u>494,593</u> | <u>30,286,394</u> |
| <u>22,296,277</u> | <u>3,434,550</u> | <u>1,577,345</u> | <u>42,456,344</u> |
| 174,073 | 261,598 | 27,965 | 1,008,744 |
| 25,500 | 108,925 | 13,159 | 149,982 |
| - | - | - | 11,000 |
| <u>199,573</u> | <u>370,523</u> | <u>41,124</u> | <u>1,169,726</u> |
| 76,501 | 326,776 | 39,476 | 449,948 |
| 84,191 | 204,008 | 45,952 | 351,242 |
| <u>160,692</u> | <u>530,784</u> | <u>85,428</u> | <u>801,190</u> |
| <u>360,265</u> | <u>901,307</u> | <u>126,552</u> | <u>1,970,916</u> |
| 17,896,103 | 27,966 | 494,593 | 30,286,394 |
| - | - | 956,200 | 956,200 |
| 4,039,909 | 2,505,277 | - | 9,242,834 |
| <u>21,936,012</u> | <u>2,533,243</u> | <u>1,450,793</u> | <u>\$ 40,485,428</u> |

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year ended June 30, 2010

| | Refuse Collections | Transportation Center |
|--|---------------------|--------------------------|
| Operating revenues: | | |
| Charges for services | \$ 8,600,606 | 1,228,641 |
| Miscellaneous | 6,387,430 | 4,012 |
| Total operating revenues | <u>14,988,036</u> | <u>1,232,653</u> |
| Operating expenses: | | |
| Cost of goods sold | - | - |
| Personal services | 147,571 | 123,892 |
| Contractual services | 7,401,077 | 235,282 |
| Materials and supplies | 446 | 185,519 |
| Other services and charges | 9,166,748 | 456,317 |
| Depreciation | - | 422,193 |
| Total operating expenses | <u>16,715,842</u> | <u>1,423,203</u> |
| Operating income (loss) | <u>(1,727,806)</u> | <u>(190,550)</u> |
| Nonoperating revenues (expenses): | | |
| Investment earnings | 12,391 | 2,688 |
| Total nonoperating revenues (expenses) | <u>12,391</u> | <u>2,688</u> |
| Change in net assets | (1,715,415) | (187,862) |
| Net assets - beginning | <u>4,095,800</u> | <u>12,372,857</u> |
| Net assets - ending | <u>\$ 2,380,385</u> | <u>12,184,995</u> |

NONMAJOR ENTERPRISE FUND

| Sewer | Sanitation | Federal Clean Water Protection | Total |
|------------|------------|-----------------------------------|---------------|
| 4,815,448 | 7,944,934 | 2,473,584 | \$ 25,063,213 |
| 998 | 828 | - | 6,393,268 |
| 4,816,446 | 7,945,762 | 2,473,584 | 31,456,481 |
| - | 64 | - | 64 |
| 1,404,595 | 3,949,292 | 894,235 | 6,519,585 |
| 928,602 | 1,339,865 | 652,658 | 10,557,484 |
| 169,605 | 176,106 | 1,133 | 532,809 |
| 480,872 | 2,601,742 | 634,917 | 13,340,596 |
| 501,251 | 5,163 | 27,351 | 955,958 |
| 3,484,925 | 8,072,232 | 2,210,294 | 31,906,496 |
| 1,331,521 | (126,470) | 263,290 | (450,015) |
| 31,252 | 20,217 | 8,198 | 74,746 |
| 31,252 | 20,217 | 8,198 | 74,746 |
| 1,362,773 | (106,253) | 271,488 | (375,269) |
| 20,573,239 | 2,639,496 | 1,179,305 | 40,860,697 |
| 21,936,012 | 2,533,243 | 1,450,793 | \$ 40,485,428 |

**Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2010**

| | Refuse Collections | Transportation Center |
|--|-----------------------|--------------------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ - | 1,214,538 |
| Receipts from interfund services provided | 8,623,901 | - |
| Receipts from other operating sources | 6,387,430 | 4,012 |
| Payments to suppliers for goods and services | (16,109,348) | (902,404) |
| Payments to employees | (143,417) | (110,192) |
| Net cash provided by (used for) operating activities | (1,241,434) | 205,954 |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | - | - |
| Net cash used for capital and related financing activities | - | - |
| Cash flows from investing activities: | | |
| Interest received | 13,591 | 2,285 |
| Net cash provided by investing activities | 13,591 | 2,285 |
| Net increase (decrease) in cash and cash equivalents | (1,227,843) | 208,239 |
| Cash and cash equivalents - beginning | 2,390,705 | 140,157 |
| Cash and cash equivalents - ending | \$ 1,162,862 | 348,396 |

NONMAJOR ENTERPRISE FUNDS

| Sewer | Sanitation | Federal Clean Water Protection | Total |
|-------------|-------------|-----------------------------------|--------------|
| | 7,954,012 | - | \$ 9,168,550 |
| - | - | - | 8,623,901 |
| 4,746,865 | - | 2,464,745 | 13,603,052 |
| (1,426,884) | (3,913,048) | (1,318,896) | (23,670,580) |
| (1,366,898) | (3,841,898) | (871,349) | (6,333,754) |
| 1,953,083 | 199,066 | 274,500 | 1,391,169 |
| (796,896) | - | - | (796,896) |
| (796,896) | - | - | (796,896) |
| 31,252 | 18,149 | 8,099 | 73,376 |
| 31,252 | 18,149 | 8,099 | 73,376 |
| 1,187,439 | 217,215 | 282,599 | 667,649 |
| 2,417,205 | 2,001,642 | 635,321 | 7,585,030 |
| 3,604,644 | 2,218,857 | 917,920 | \$ 8,252,679 |

Continued

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2010

| | Refuse Collections | Transportation Center |
|---|-----------------------|--------------------------|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (1,727,806) | (190,550) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation expense | - | 422,193 |
| Change in assets and liabilities: | | |
| Decrease (increase) in accounts receivable | 23,295 | (14,103) |
| Increase (decrease) in accounts payable | 458,923 | (25,286) |
| Increase (decrease) in compensated absences payable | - | 9,593 |
| Increase (decrease) in postemployment benefits obligation | 4,154 | 4,107 |
| Net cash provided by (used for) operating activities | \$ <u>(1,241,434)</u> | <u>205,954</u> |

NONMAJOR ENTERPRISE FUNDS

Page 4 of 4

| Sewer | Sanitation | Federal Clean Water Protection | Total |
|-----------|------------|-----------------------------------|--------------|
| 1,331,521 | (126,470) | 263,290 | \$ (450,015) |
| 501,251 | 5,163 | 27,351 | 955,958 |
| (69,581) | 8,250 | (8,839) | (60,978) |
| 152,195 | 204,729 | (30,188) | 760,373 |
| (624) | 107,394 | (916) | 115,447 |
| 38,321 | - | 23,802 | 70,384 |
| 1,953,083 | 199,066 | 274,500 | \$ 1,391,169 |



CITY OF SANTA ANA, CALIFORNIA
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Internal Service Funds

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

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

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

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

Liability and Property Insurance - For the administration of the City's self-insurance programs and the payment of liability claims.

Employee Group Insurance - For the administration of the City's health and dental benefits.

Workers Compensation - For the administration of the 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 Assets
June 30, 2010

Page 1 of 3

| | Central Services | Building Maintenance | Equipment Maintenance and Replacement |
|--|---------------------|-------------------------|---|
| Assets: | | | |
| Current assets: | | | |
| Cash and investments | \$ 818,500 | 1,402,939 | 4,806,095 |
| Receivables: | | | |
| Interest | 1,849 | - | 11,985 |
| Accounts | - | - | - |
| Due from other funds | - | - | - |
| Inventory of supplies | 25,014 | - | 1,097,576 |
| Total current assets | <u>845,363</u> | <u>1,402,939</u> | <u>5,915,656</u> |
| Noncurrent assets: | | | |
| Restricted cash and investments | - | - | - |
| Advances to other funds | - | - | 220,000 |
| Capital assets: | | | |
| Improvements other than buildings | - | 602,886 | - |
| Equipment | 378,225 | - | 25,261,991 |
| Construction work in progress | - | - | - |
| Less accumulated depreciation | <u>(328,776)</u> | <u>(521,245)</u> | <u>(20,178,734)</u> |
| Total capital assets (net of accumulated depreciation) | <u>49,449</u> | <u>81,641</u> | <u>5,083,257</u> |
| Total noncurrent assets | <u>49,449</u> | <u>81,641</u> | <u>5,303,257</u> |
| Total assets | <u>894,812</u> | <u>1,484,580</u> | <u>11,218,913</u> |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | 26,586 | 143,559 | 337,069 |
| Interest payable | - | - | - |
| Compensated absences payable (current portion) | 3,943 | 37,190 | 85,388 |
| Claims payable (current portion) | - | - | - |
| Capital lease payable (current portion) | - | - | - |
| Total current liabilities | <u>30,529</u> | <u>180,749.00</u> | <u>422,457</u> |
| Noncurrent liabilities: | | | |
| Compensated absences payable | 11,829 | 111,569 | 256,163 |
| Claims payable | - | - | - |
| Capital lease payable | - | - | - |
| Postemployment benefits obligation | 14,815 | 81,892 | 179,229 |
| Total noncurrent liabilities | <u>26,644</u> | <u>193,461</u> | <u>435,392</u> |
| Total liabilities | <u>57,173</u> | <u>374,210</u> | <u>857,849</u> |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 49,449 | 81,641 | 5,083,257 |
| Unrestricted | <u>788,190</u> | <u>1,028,729</u> | <u>5,277,807</u> |
| Total net assets | <u>\$ 837,639</u> | <u>1,110,370</u> | <u>10,361,064</u> |

INTERNAL SERVICE FUNDS

Page 2 of 3

| Liability and Property Insurance | Employee Group Insurance | Workers Compensation | Information and Communications Services | City Yard Operations |
|--|-----------------------------|-------------------------|---|-------------------------|
| 30,586,497 | 2,610,586 | 25,457,339 | 13,632,244 | 215,554 |
| 72,906 | 3,094 | 57,678 | 31,873 | 531 |
| - | - | - | - | - |
| 1,043,314 | - | - | - | - |
| - | - | - | - | - |
| <u>31,702,717</u> | <u>2,613,680</u> | <u>25,515,017</u> | <u>13,664,117</u> | <u>216,085</u> |
| - | 277,629 | - | - | - |
| - | - | 2,920,000 | - | - |
| - | - | - | - | 256,131 |
| - | 15,754 | - | 7,334,279 | 68,201 |
| - | - | - | 5,855,601 | - |
| - | (15,754) | - | (6,892,086) | (68,175) |
| - | - | - | 6,297,794 | 256,157 |
| - | 277,629 | 2,920,000 | 6,297,794 | 256,157 |
| <u>31,702,717</u> | <u>2,891,309</u> | <u>28,435,017</u> | <u>19,961,911</u> | <u>472,242</u> |
| 151,362 | 314,042 | 31,149 | 886,097 | 15,621 |
| - | - | - | 41,995 | - |
| 1,136 | 10,259 | 16,800 | 55,248 | - |
| 3,650,000 | - | 5,890,000 | - | - |
| - | - | - | 1,012,925 | - |
| <u>3,802,498</u> | <u>324,301</u> | <u>5,937,949</u> | <u>1,996,265</u> | <u>15,621</u> |
| 3,408 | 30,776 | 50,401 | 165,743 | - |
| 926,071 | - | 13,019,733 | - | - |
| - | - | - | 2,117,364 | - |
| 28,228 | 38,025 | 65,829 | 113,162 | - |
| <u>957,707</u> | <u>68,801</u> | <u>13,135,963</u> | <u>2,396,269</u> | <u>-</u> |
| <u>4,760,205</u> | <u>393,102</u> | <u>19,073,912</u> | <u>4,392,534</u> | <u>15,621</u> |
| - | - | - | 3,167,505 | 256,157 |
| <u>26,942,512</u> | <u>2,498,207</u> | <u>9,361,105</u> | <u>12,401,872</u> | <u>200,464</u> |
| <u>26,942,512</u> | <u>2,498,207</u> | <u>9,361,105</u> | <u>15,569,377</u> | <u>456,621</u> |

Continued

Internal Service Funds
Combining Statement of Net Assets
June 30, 2010

| | Engineering and Administrative Services | Quality Service Training | Total |
|--|--|--------------------------------|----------------------|
| Assets: | | | |
| Current assets: | | | |
| Cash and investments | \$ 1,682,589 | 299,736 | \$ 81,512,079 |
| Receivables: | | | |
| Interest | 3,846 | 692 | 184,454 |
| Accounts | 62,967 | - | 62,967 |
| Due from other funds | - | - | 1,043,314 |
| Inventory of supplies | - | - | 1,122,590 |
| Total current assets | <u>1,749,402</u> | <u>300,428</u> | <u>83,925,404</u> |
| Noncurrent assets: | | | |
| Restricted cash and investments | - | - | 277,629 |
| Advances to other funds | - | - | 3,140,000 |
| Capital assets: | | | |
| Improvements other than buildings | - | - | 859,017 |
| Equipment | 237,470 | - | 33,295,920 |
| Construction work in progress | - | - | 5,855,601 |
| Less accumulated depreciation | <u>(124,879)</u> | <u>-</u> | <u>(28,129,649)</u> |
| Total capital assets (net of accumulated depreciation) | <u>112,591</u> | <u>-</u> | <u>11,880,889</u> |
| Total noncurrent assets | <u>112,591</u> | <u>-</u> | <u>15,298,518</u> |
| Total assets | <u>1,861,993</u> | <u>300,428</u> | <u>99,223,922</u> |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | 40,708 | - | 1,946,193 |
| Interest payable | - | - | 41,995 |
| Compensated absences payable (current portion) | 219,061 | - | 429,025 |
| Claims payable (current portion) | - | - | 9,540,000 |
| Capital lease payable (current portion) | - | - | 1,012,925 |
| Total current liabilities | <u>259,769</u> | <u>-</u> | <u>12,970,138</u> |
| Noncurrent liabilities: | | | |
| Compensated absences payable | 657,182 | - | 1,287,071 |
| Claims payable | - | - | 13,945,804 |
| Capital lease payable | - | - | 2,117,364 |
| Postemployment benefits obligation | 600,840 | - | 1,122,020 |
| Total noncurrent liabilities | <u>1,258,022</u> | <u>-</u> | <u>18,472,259</u> |
| Total liabilities | <u>1,517,791</u> | <u>-</u> | <u>31,442,397</u> |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 112,591 | - | 8,750,600 |
| Unrestricted | <u>231,611</u> | <u>300,428</u> | <u>59,030,925</u> |
| Total net assets | <u>\$ 344,202</u> | <u>300,428</u> | <u>\$ 67,781,525</u> |



CITY OF SANTA ANA, CALIFORNIA

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Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Year ended June 30, 2010

Page 1 of 3

| | Central Services | Building Maintenance | Equipment Maintenance and Replacement |
|--|---------------------|-------------------------|---|
| Operating revenues: | | | |
| Charges for services | \$ 857,980 | 3,889,683 | 10,133,451 |
| Miscellaneous | 266 | - | 34,948 |
| Total operating revenues | <u>858,246</u> | <u>3,889,683</u> | <u>10,168,399</u> |
| Operating expenses: | | | |
| Cost of goods sold | - | - | 1,825,907 |
| Personal services | 242,539 | 1,410,254 | 2,991,369 |
| Contractual services | 193,478 | 1,517,412 | 688,751 |
| Materials and supplies | 302,925 | 173,319 | 3,078,010 |
| Other services and charges | 127,793 | 156,309 | - |
| Administration | - | - | - |
| Insurance | - | - | - |
| Provision for self-insured losses | - | - | - |
| Depreciation | 11,820 | 75,361 | 1,654,936 |
| Total operating expenses | <u>878,555</u> | <u>3,332,655</u> | <u>10,238,973</u> |
| Operating income (loss) | <u>(20,309)</u> | <u>557,028</u> | <u>(70,574)</u> |
| Nonoperating revenues (expenses): | | | |
| Investment earnings | 7,118 | - | 36,720 |
| Interest expense | - | - | - |
| Total nonoperating revenues (expenses) | <u>7,118</u> | <u>-</u> | <u>36,720</u> |
| Income (loss) before transfers | (13,191) | 557,028 | (33,854) |
| Transfers in | - | 250,000 | - |
| Transfers out | - | (196,118) | (2,241,460) |
| Change in net assets | (13,191) | 610,910 | (2,275,314) |
| Net assets - beginning | <u>850,830</u> | <u>499,460</u> | <u>12,636,378</u> |
| Net assets - ending | <u>\$ 837,639</u> | <u>1,110,370</u> | <u>10,361,064</u> |

INTERNAL SERVICE FUNDS

Page 2 of 3

| <u>Liability and Property Insurance</u> | <u>Employee Group Insurance</u> | <u>Workers Compensation</u> | <u>Communications Services</u> | <u>City Yard Operations</u> |
|---|-------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| 8,891,995 | 19,701,138 | 9,340,352 | 4,578,984 | 956,905 |
| 76,538 | 2,426,512 | 272,447 | 37,421 | - |
| <u>8,968,533</u> | <u>22,127,650</u> | <u>9,612,799</u> | <u>4,616,405</u> | <u>956,905</u> |
| - | - | - | - | - |
| - | - | - | 1,864,031 | 50,881 |
| - | - | - | 5,069,212 | 247,813 |
| - | - | - | 410,535 | 15,616 |
| - | - | - | 315,644 | 637,687 |
| 2,583,504 | 894,116 | 2,082,950 | - | - |
| 3,075,526 | 18,920,913 | 415,232 | - | - |
| - | 2,518,742 | 4,612,116 | - | - |
| - | - | - | 285,275 | 18,257 |
| <u>5,659,030</u> | <u>22,333,771</u> | <u>7,110,298</u> | <u>7,944,697</u> | <u>970,254</u> |
| <u>3,309,503</u> | <u>(206,121)</u> | <u>2,502,501</u> | <u>(3,328,292)</u> | <u>(13,349)</u> |
| 243,060 | 17,681 | 200,058 | 91,959 | 1,676 |
| - | - | - | (114,546) | - |
| <u>243,060</u> | <u>17,681</u> | <u>200,058</u> | <u>(22,587)</u> | <u>1,676</u> |
| 3,552,563 | (188,440) | 2,702,559 | (3,350,879) | (11,673) |
| - | - | - | 2,662,230 | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 3,552,563 | (188,440) | 2,702,559 | (688,649) | (11,673) |
| <u>23,389,949</u> | <u>2,686,647</u> | <u>6,658,546</u> | <u>16,258,026</u> | <u>468,294</u> |
| <u>26,942,512</u> | <u>2,498,207</u> | <u>9,361,105</u> | <u>15,569,377</u> | <u>456,621</u> |

Continued

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Year ended June 30, 2010

| | Engineering and Administrative Services | Quality Service Training | Total |
|---|--|--------------------------------|----------------------|
| Operating revenues: | | | |
| Charges for services | \$ 12,197,642 | 9,220 | \$ 70,557,350 |
| Miscellaneous | 278,078 | - | 3,126,210 |
| Total operating revenues | <u>12,475,720</u> | <u>9,220</u> | <u>73,683,560</u> |
| Operating expenses: | | | |
| Cost of goods sold | - | - | 1,825,907 |
| Personal services | 9,477,401 | - | 16,036,475 |
| Contractual services | 645,192 | - | 8,361,858 |
| Materials and supplies | 106,520 | - | 4,086,925 |
| Other services and charges | 1,708,109 | - | 2,945,542 |
| Administration | - | - | 5,560,570 |
| Insurance | - | - | 22,411,671 |
| Provision for self-insured losses | - | - | 7,130,858 |
| Depreciation | 26,912 | - | 2,072,561 |
| Total operating expenses | <u>11,964,134</u> | <u>-</u> | <u>70,432,367</u> |
| Operating income (loss) | <u>511,586</u> | <u>9,220</u> | <u>3,251,193</u> |
| Nonoperating revenues (expenses): | | | |
| Investment earnings | 11,696 | 2,435 | 612,403 |
| Interest expense | - | - | (114,546) |
| Total nonoperating revenues (expenses) | <u>11,696</u> | <u>2,435</u> | <u>497,857</u> |
| Income (loss) before transfers | 523,282 | 11,655 | 3,749,050 |
| Transfers in | 10,000 | - | 2,922,230 |
| Transfers out | (304,068) | - | (2,741,646) |
| Change in net assets | 229,214 | 11,655 | 3,929,634 |
| Net assets (deficit) - beginning, as restated | <u>114,988</u> | <u>288,773</u> | <u>63,851,891</u> |
| Net assets (deficit) - ending | <u>\$ 344,202</u> | <u>\$ 300,428</u> | <u>\$ 67,781,525</u> |



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2010

| | Central Services | Building Maintenance | Equipment Maintenance and Replacement |
|---|---------------------|-------------------------|---|
| Cash flows from operating activities: | | | |
| Receipts from interfund services provided | \$ 857,980 | 3,889,683 | 10,133,451 |
| Receipts from other operating sources | 267 | - | 34,948 |
| Payments to suppliers for goods and services | (474,282) | (1,699,280) | (4,867,690) |
| Payments for interfund services used | (127,793) | (156,309) | (688,751) |
| Payments to employees | (231,728) | (1,368,678) | (2,874,659) |
| Net cash provided by (used for) operating activities | <u>24,444</u> | <u>665,416</u> | <u>1,737,299</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers in | - | 250,000 | - |
| Transfers out | - | (196,118) | (2,241,460) |
| Net cash provided by (used for) noncapital financing activities | <u>-</u> | <u>53,882</u> | <u>(2,241,460)</u> |
| Cash flows from capital and related financing activities: | | | |
| Retirement of long-term debt | - | - | - |
| Acquisition of capital assets | 9,947 | - | (194,624) |
| Interest paid | - | - | - |
| Net cash used for capital and related financing activities | <u>9,947</u> | <u>-</u> | <u>(194,624)</u> |
| Cash flows from investing activities: | | | |
| Interest received | 7,669 | 73 | 51,061 |
| Net increase (decrease) in the fair value of investment | - | - | - |
| Net cash provided by investing activities | <u>7,669</u> | <u>73</u> | <u>51,061</u> |
| Net increase (decrease) in cash and cash equivalents | 42,060 | 719,371 | (647,724) |
| Cash and cash equivalents - beginning | <u>776,440</u> | <u>683,568</u> | <u>5,453,819</u> |
| Cash and cash equivalents - ending (Includes restricted cash and investments) | <u>\$ 818,500</u> | <u>1,402,939</u> | <u>4,806,095</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Operating income (loss) | \$ (20,309) | 557,028 | (70,574) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation expense | 11,820 | 75,361 | 1,654,936 |
| Change in assets and liabilities: | | | |
| Decrease (increase) in accounts receivable | - | - | - |
| Decrease (increase) in inventory of supplies | 1,732 | - | (74,728) |
| Increase (decrease) in accounts payable | 20,390 | (8,548) | 110,955 |
| Increase (decrease) in compensated absences payable | 7,931 | 36,810 | 31,701 |
| Increase (decrease) in claims payable | - | - | - |
| Increase (decrease) in postemployment benefits obligation | 2,880 | 4,765 | 85,009 |
| Net cash provided by (used for) operating activities | <u>\$ 24,444</u> | <u>665,416</u> | <u>1,737,299</u> |
| Noncash investing, capital, and financing activities: | | | |
| Increase (decrease) in fair value of investments | <u>\$ -</u> | <u>-</u> | <u>-</u> |

INTERNAL SERVICE FUNDS

| Liability and Property Insurance | Employee Group Insurance | Workers Compensation | Information and Communications Services | City Yard Operations |
|----------------------------------|--------------------------|----------------------|---|----------------------|
| 8,891,995 | 19,701,138 | 9,340,352 | 4,578,984 | 956,905 |
| 76,538 | 2,426,512 | 272,447 | 37,421 | - |
| (5,510,121) | (22,023,913) | (7,093,426) | (5,643,647) | (264,491) |
| - | - | - | (315,644) | (637,687) |
| (153,685) | (11,912) | 354,705 | (1,759,037) | (50,881) |
| <u>3,304,727</u> | <u>91,825</u> | <u>2,874,078</u> | <u>(3,101,923)</u> | <u>3,846</u> |
| - | - | - | 2,662,230 | - |
| (1,043,314) | - | - | - | - |
| <u>(1,043,314)</u> | <u>-</u> | <u>-</u> | <u>2,662,230</u> | <u>-</u> |
| - | - | - | (983,595) | - |
| - | - | - | (2,070,357) | - |
| - | - | - | (114,546) | - |
| - | - | - | (3,168,498) | - |
| 279,234 | 21,937 | 225,424 | 89,153 | 2,125 |
| (87) | - | 1,126 | - | - |
| <u>279,147</u> | <u>21,937</u> | <u>226,550</u> | <u>89,153</u> | <u>2,125</u> |
| 2,540,560 | 113,762 | 3,100,628 | (3,519,038) | 5,971 |
| 28,045,937 | 2,774,453 | 22,356,711 | 17,151,282 | 209,583 |
| <u>30,586,497</u> | <u>2,888,215</u> | <u>25,457,339</u> | <u>13,632,244</u> | <u>215,554</u> |
| 3,309,503 | (206,121) | 2,502,501 | (3,328,292) | (13,349) |
| - | - | - | 285,275 | 18,257 |
| - | - | - | - | - |
| - | - | - | - | - |
| 148,909 | 309,858 | 16,872 | (163,900) | (1,062) |
| (50,106) | (29,275) | 3,293 | 56,400 | - |
| (115,721) | - | 319,593 | - | - |
| 12,142 | 17,363 | 31,819 | 48,594 | - |
| <u>3,304,727</u> | <u>91,825</u> | <u>2,874,078</u> | <u>(3,101,923)</u> | <u>3,846</u> |
| <u>(87)</u> | <u>-</u> | <u>1,126</u> | <u>-</u> | <u>-</u> |

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2010

| | Engineering and Administrative Services | Quality Service Training | Total |
|---|--|--------------------------------|----------------------|
| Cash flows from operating activities: | | | |
| Receipts from interfund services provided | \$ 12,134,676 | 9,220 | \$ 70,494,384 |
| Receipts from other operating sources | 278,078 | - | 3,126,211 |
| Payments to suppliers for goods and services | (2,463,609) | - | (50,040,459) |
| Payments for interfund services used | - | - | (1,926,184) |
| Payments to employees | (9,340,229) | - | (15,436,104) |
| Net cash provided by (used for) operating activities | <u>608,916</u> | <u>9,220</u> | <u>6,217,848</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers in | 10,000 | - | 2,922,230 |
| Transfers out | (304,068) | - | (3,784,960) |
| Net cash provided by (used for) noncapital financing activities | <u>(294,068)</u> | <u>-</u> | <u>(862,730)</u> |
| Cash flows from capital and related financing activities: | | | |
| Retirement of long-term debt | - | - | (983,595) |
| Acquisition of capital assets | (6,252) | - | (2,261,286) |
| Interest paid | - | - | (114,546) |
| Net cash used for capital and related financing activities | <u>(6,252)</u> | <u>-</u> | <u>(3,359,427)</u> |
| Cash flows from investing activities: | | | |
| Interest received | 14,642 | 2,862 | 694,180 |
| Net increase (decrease) in the fair value of investment | - | - | 1,039 |
| Net cash provided by investing activities | <u>14,642</u> | <u>2,862</u> | <u>695,219</u> |
| Net increase (decrease) in cash and cash equivalents | 323,238 | 12,082 | 2,690,910 |
| Cash and cash equivalents - beginning | <u>1,359,351</u> | <u>287,654</u> | <u>79,098,798</u> |
| Cash and cash equivalents - ending (Includes restricted cash and investments) | <u>\$ 1,682,589</u> | <u>299,736</u> | <u>\$ 81,789,708</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Operating income (loss) | \$ 511,586 | 9,220 | \$ 3,251,193 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation expense | 26,912 | - | 2,072,561 |
| Change in assets and liabilities: | | | |
| Decrease (increase) in accounts receivable | (62,966) | - | (62,966) |
| Decrease (increase) in inventory of supplies | - | - | (72,996) |
| Increase (decrease) in accounts payable | (3,788) | - | 429,686 |
| Increase (decrease) in compensated absences payable | (143,634) | - | (86,880) |
| Increase (decrease) in claims payable | - | - | 203,872 |
| Increase (decrease) in postemployment benefits obligation | 280,806 | - | 483,378 |
| Net cash provided by (used for) operating activities | <u>\$ 608,916</u> | <u>9,220</u> | <u>\$ 6,217,848</u> |
| Noncash investing, capital, and financing activities: | | | |
| Increase (decrease) in fair value of investments | <u>\$ -</u> | <u>-</u> | <u>\$ 1,039</u> |

Agency Funds

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

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

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

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

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 Assets and Liabilities
June 30, 2010

| | Payroll | Treasurer's Trust | Retirees Health Insurance Subsidy |
|------------------------------|---------------------|----------------------|--|
| Assets | | | |
| Cash and investments | \$ 9,023,230 | 3,096,341 | 2,747,340 |
| Receivables: | | | |
| Loans and notes | - | - | 700,000 |
| Interest | 154 | 818 | 6,482 |
| Intergovernmental | - | - | - |
| Total assets | <u>\$ 9,023,384</u> | <u>3,097,159</u> | <u>3,453,822</u> |
| Liabilities | | | |
| Accounts payable | - | - | - |
| Due to City employees | \$ 5,128,402 | - | 3,453,822 |
| Due to governmental agencies | <u>3,894,982</u> | <u>3,097,159</u> | <u>-</u> |
| Total liabilities | <u>\$ 9,023,384</u> | <u>3,097,159</u> | <u>3,453,822</u> |

AGENCY FUNDS

| Housing Rehabilitation Loan Program | Transportation Corridor | TSIA Santa Ana- Tustin | School Districts' Trust | Total |
|---|----------------------------|------------------------------|-------------------------------|----------------------|
| - | 209,652 | 12,461,149 | 6,877,060 | \$ 34,414,772 |
| 250,296 | - | - | - | 950,296 |
| - | - | 28,385 | 13,323 | 49,162 |
| - | - | - | 2,576,650 | 2,576,650 |
| <u>250,296</u> | <u>209,652</u> | <u>12,489,534</u> | <u>9,467,033</u> | <u>\$ 37,990,880</u> |
| - | - | 952 | - | \$ 952 |
| - | - | - | - | 8,582,224 |
| <u>250,296</u> | <u>209,652</u> | <u>12,488,582</u> | <u>9,467,033</u> | <u>29,407,704</u> |
| <u>250,296</u> | <u>209,652</u> | <u>12,489,534</u> | <u>9,467,033</u> | <u>\$ 37,990,880</u> |

Agency Funds
Combining Statement of Changes with Fiduciary Assets and Liabilities
Year ended June 30, 2010

Page 1 of 3

| | Balance June 30,2009 | Additions | Deductions | Balance June 30,2010 |
|--|-------------------------|-----------------------|-----------------------|-------------------------|
| PAYROLL FUND | | | | |
| Assets | | | | |
| Cash and investments | \$ 9,105,839 | \$ 172,101,036 | \$ 172,183,645 | \$ 9,023,230 |
| Interest receivable | - | 154 | - | 154 |
| Total assets | <u>\$ 9,105,839</u> | <u>\$ 172,101,190</u> | <u>\$ 172,183,645</u> | <u>\$ 9,023,384</u> |
| Liabilities | | | | |
| Due to City employees | \$ 5,232,713 | \$ 148,878,424 | \$ 148,982,735 | \$ 5,128,402 |
| Due to governmental agencies | 3,873,126 | 23,222,767 | 23,200,911 | 3,894,982 |
| Total liabilities | <u>\$ 9,105,839</u> | <u>\$ 172,101,191</u> | <u>\$ 172,183,646</u> | <u>\$ 9,023,384</u> |
| TREASURER'S TRUST FUND | | | | |
| Assets | | | | |
| Cash and investments | \$ 3,447,876 | \$ 10,413,120 | \$ 10,764,655 | \$ 3,096,341 |
| Interest receivable | 1,611 | 818 | 1,611 | 818 |
| Total assets | <u>\$ 3,449,487</u> | <u>\$ 10,413,938</u> | <u>\$ 10,766,266</u> | <u>\$ 3,097,159</u> |
| Liabilities | | | | |
| Due to governmental agencies | \$ 3,449,487 | \$ 10,413,938 | \$ 10,766,266 | \$ 3,097,159 |
| Total liabilities | <u>\$ 3,449,487</u> | <u>\$ 10,413,938</u> | <u>\$ 10,766,266</u> | <u>\$ 3,097,159</u> |
| RETIREES HEALTH INSURANCE SUBSIDY | | | | |
| Assets | | | | |
| Cash and investments | \$ 2,622,403 | \$ 1,139,915 | \$ 1,014,978 | \$ 2,747,340 |
| Notes receivable | 700,000 | 700,000 | 700,000 | 700,000 |
| Interest receivable | 8,486 | 6,482 | 8,486 | 6,482 |
| Total assets | <u>\$ 3,330,889</u> | <u>\$ 1,846,397</u> | <u>\$ 1,723,464</u> | <u>\$ 3,453,822</u> |
| Liabilities | | | | |
| Due to city employees | \$ 3,330,889 | \$ 1,846,397 | \$ 1,723,464 | \$ 3,453,822 |
| Total liabilities | <u>\$ 3,330,889</u> | <u>\$ 1,846,397</u> | <u>\$ 1,723,464</u> | <u>\$ 3,453,822</u> |

| | Balance June 30,2009 | Additions | Deductions | Balance June 30,2010 |
|---|-------------------------|-------------------|-------------------|-------------------------|
| HOUSING REHABILITATION LOAN PROGRAM | | | | |
| Assets | | | | |
| Notes receivables | \$ 168,288 | \$ 224,604 | \$ 142,596 | \$ 250,296 |
| Total assets | <u>\$ 168,288</u> | <u>\$ 224,604</u> | <u>\$ 142,596</u> | <u>\$ 250,296</u> |
| Liabilities | | | | |
| Due to governmental agencies | \$ 168,288 | \$ 224,604 | \$ 142,596 | \$ 250,296 |
| Total liabilities | <u>\$ 168,288</u> | <u>\$ 224,604</u> | <u>\$ 142,596</u> | <u>\$ 250,296</u> |
| TRANSPORTATION CORRIDOR FUND | | | | |
| Assets | | | | |
| Cash and investments | \$ - | \$ 213,043 | \$ 3,391 | \$ 209,652 |
| Total assets | <u>\$ -</u> | <u>\$ 213,043</u> | <u>\$ 3,391</u> | <u>\$ 209,652</u> |
| Liabilities | | | | |
| Due to governmental agencies | \$ - | \$ 213,043 | \$ 3,391 | \$ 209,652 |
| Total liabilities | <u>\$ -</u> | <u>\$ 213,043</u> | <u>\$ 3,391</u> | <u>\$ 209,652</u> |
| TRANSPORTATION SYSTEM IMPROVEMENT AUTHORITY SANTA-ANA - TUSTIN | | | | |
| Assets | | | | |
| Cash and investments | \$ 12,231,758 | \$ 309,312 | \$ 79,921 | \$ 12,461,149 |
| Interest receivable | 48,018 | 28,384 | 48,017 | 28,385 |
| Total assets | <u>\$ 12,279,776</u> | <u>\$ 337,696</u> | <u>\$ 127,938</u> | <u>\$ 12,489,534</u> |
| Liabilities | | | | |
| Accounts payable | \$ 1,403 | \$ 952 | \$ 1,403 | \$ 952 |
| Due to governmental agencies | 12,278,373 | 337,697 | 127,488 | 12,488,582 |
| Total liabilities | <u>\$ 12,279,776</u> | <u>\$ 338,649</u> | <u>\$ 128,891</u> | <u>\$ 12,489,534</u> |

(Continued)

Agency Funds
Combining Statement of Changes with Fiduciary Assets and Liabilities
Year ended June 30, 2010

Page 3 of 3

| | Balance July 1, 2009 | Additions | Deductions | Balance June 30,2010 |
|---|-------------------------|-----------------------|-----------------------|-------------------------|
| SCHOOL DISTRICTS' TRUST FUND | | | | |
| Assets | | | | |
| Cash and investments | \$ 6,255,182 | \$ 5,040,846 | \$ 4,418,968 | \$ 6,877,060 |
| Interest receivable | 14,895 | 13,323 | 14,895 | 13,323 |
| Intergovernmental | - | 4,654,494 | 2,077,844 | 2,576,650 |
| Total assets | <u>\$ 6,270,077</u> | <u>\$ 9,708,663</u> | <u>\$ 6,511,707</u> | <u>\$ 9,467,033</u> |
| Liabilities | | | | |
| Due to governmental agencies | \$ 6,270,077 | \$ 9,708,663 | \$ 6,511,707 | \$ 9,467,033 |
| Total liabilities | <u>\$ 6,270,077</u> | <u>\$ 9,708,663</u> | <u>\$ 6,511,707</u> | <u>\$ 9,467,033</u> |
| TOTAL - ALL AGENCY FUNDS | | | | |
| Assets | | | | |
| Cash and investments | \$ 33,663,058 | \$ 189,217,272 | \$ 188,465,558 | \$ 34,414,772 |
| Receivables: | | | | |
| Loans and notes | 868,288 | 924,604 | 842,596 | 950,296 |
| Interest | 73,010 | 49,161 | 73,009 | 49,162 |
| Intergovernmental | - | 4,654,494 | 2,077,844 | 2,576,650 |
| Total assets | <u>\$ 34,604,356</u> | <u>\$ 194,845,531</u> | <u>\$ 191,459,007</u> | <u>\$ 37,990,880</u> |
| Liabilities | | | | |
| Accounts payable | \$ 1,403 | \$ 952 | \$ 1,403 | \$ 952 |
| Due to City employees | 8,563,602 | 150,724,821 | 150,706,199 | 8,582,224 |
| Due to governmental agencies | 26,039,351 | 44,120,712 | 40,752,359 | 29,407,704 |
| Total liabilities | <u>\$ 34,604,356</u> | <u>\$ 194,846,485</u> | <u>\$ 191,459,961</u> | <u>\$ 37,990,880</u> |

CITY OF SANTA ANA, CALIFORNIA

Statistical Section

CAFR
2010

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> | 168 |
| 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> | 180 |
| 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> | 192 |
| Demographic and Economic Information <i>These schedules 17 offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. (Schedule 17)</i> | 198 |
| 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> | 199 |

CITY OF SANTA ANA

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

| | Fiscal Year | | |
|--|---------------------|-------------------|-------------------|
| | 2010 | 2009 | 2008 |
| Governmental Activities: | | | |
| Investment in capital assets, net of related debt | \$ 723,057 | \$ 684,618 | \$ 650,254 |
| Restricted | 156,629 | 182,938 | 185,518 |
| Unrestricted | 15,155 | 5,165 | (6,279) |
| Total governmental activities net assets | <u>\$ 894,841</u> | <u>\$ 872,721</u> | <u>\$ 829,493</u> |
| Business-type activities: | | | |
| Investment in capital assets, net of related debt | \$ 84,088 | \$ 83,163 | \$ 79,764 |
| Restricted | 956 | 7,014 | 4,111 |
| Unrestricted | 34,201 | 24,745 | 20,385 |
| Total business-type activities net assets | <u>\$ 119,245</u> | <u>\$ 114,922</u> | <u>\$ 104,260</u> |
| Primary government: | | | |
| Investment in capital assets, net of related debt | \$ 807,145 | \$ 767,781 | \$ 730,018 |
| Restricted | 157,585 | 189,952 | 189,629 |
| Unrestricted | 49,356 | 29,910 | 14,106 |
| Total primary government net assets | <u>\$ 1,014,086</u> | <u>\$ 987,643</u> | <u>\$ 933,753</u> |

Source: City of Santa Ana 2002 - 2010 CAFRS

The City of Santa Ana implemented GASB 34 for the fiscal year ended June 30, 2002.
Information prior to the implementation of GASB 34 is not available.

STATISTICAL SECTION

SCHEDULE 1

| Fiscal Year | | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | |
| \$ 700,479 | \$ 658,414 | \$ 644,474 | \$ 646,755 | \$ 644,080 | \$ 545,893 | |
| 117,988 | 164,332 | 144,464 | 147,433 | 139,892 | 100,408 | |
| (24,752) | (122,359) | (136,627) | (170,248) | (168,784) | (82,670) | |
| <u>\$ 793,715</u> | <u>\$ 700,387</u> | <u>\$ 652,311</u> | <u>\$ 623,940</u> | <u>\$ 615,188</u> | <u>\$ 563,631</u> | |
| | | | | | | |
| \$ 69,748 | \$ 39,031 | \$ 69,906 | \$ 69,554 | \$ 67,517 | \$ 62,022 | |
| 2,846 | 9,579 | 9,066 | 8,948 | 6,843 | 12,467 | |
| 28,270 | 15,774 | 12,877 | 10,917 | 9,028 | 8,199 | |
| <u>\$ 100,864</u> | <u>\$ 64,384</u> | <u>\$ 91,849</u> | <u>\$ 89,419</u> | <u>\$ 83,388</u> | <u>\$ 82,688</u> | |
| | | | | | | |
| \$ 770,227 | \$ 727,445 | \$ 714,380 | \$ 716,309 | \$ 711,597 | \$ 607,915 | |
| 120,834 | 173,911 | 153,530 | 156,381 | 146,735 | 112,875 | |
| 3,518 | (106,585) | (123,750) | (159,331) | (159,756) | (74,471) | |
| <u>\$ 894,579</u> | <u>\$ 794,771</u> | <u>\$ 744,160</u> | <u>\$ 713,359</u> | <u>\$ 698,576</u> | <u>\$ 646,319</u> | |

**Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

| | Fiscal Year | | | | Page 1 of 6 |
|---|-------------------|-------------------|-------------------|-------------------|-------------|
| | 2010 | 2009 | 2008 | 2007 | |
| Expenses: | | | | | |
| Governmental activities: | | | | | |
| General government (1) | \$ 15,227 | \$ 20,456 | \$ 6,912 | \$ 26,370 | |
| Cultural recreation and community services (2) | 25,528 | 27,937 | 24,057 | 28,956 | |
| Public safety (3) | 183,885 | 175,036 | 157,792 | 151,581 | |
| Developmental services (4) | 30,338 | 29,849 | 44,289 | 29,698 | |
| Community development | 68,150 | 53,598 | 58,798 | 56,286 | |
| Interest on long -term debt | 16,828 | 16,580 | 16,585 | 12,420 | |
| Total governmental activities expenses | <u>\$ 339,955</u> | <u>\$ 323,456</u> | <u>\$ 308,433</u> | <u>\$ 305,311</u> | |
| Business-type activities: | | | | | |
| Water | \$ 45,727 | \$ 41,910 | \$ 41,289 | \$ 39,184 | |
| Parking | 2,824 | 2,767 | 2,973 | 2,898 | |
| Refuse collections | 16,716 | 13,205 | 13,345 | 12,978 | |
| Transportation center | 1,423 | 1,422 | 1,282 | 1,303 | |
| Sewer | 3,485 | 3,140 | 3,313 | 3,084 | |
| Sanitation | 8,072 | 7,781 | 7,641 | 7,252 | |
| Federal clean water protection | 2,210 | 2,217 | 2,585 | 2,798 | |
| Total business-type expenses | <u>80,457</u> | <u>72,442</u> | <u>72,428</u> | <u>69,497</u> | |
| Total primary government expenses | <u>\$ 420,412</u> | <u>\$ 395,898</u> | <u>\$ 380,861</u> | <u>\$ 374,808</u> | |

Continued

- 1. Includes Human Resources and Finance
- 2. Includes Museum and Library
- 3. Includes Police and Fire
- 4. Includes Planning and Building, and Public Works

Source: City of Santa Ana 2002 - 2010 CAFRS

The City of Santa Ana implemented GASB 34 for the fiscal year ended June 30, 2002.
Information prior to the implementation of GASB 34 is not available.

| Fiscal Year | | | | | Page 2 of 6 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| 2006 | 2005 | 2004 | 2003 | 2002 | |
| \$ 16,137 | \$ 14,146 | \$ 15,459 | \$ 14,533 | \$ 16,303 | |
| 23,406 | 21,766 | 26,325 | 26,183 | 29,803 | |
| 135,530 | 129,507 | 130,369 | 118,392 | 116,905 | |
| 16,735 | 27,439 | 26,225 | 28,034 | 34,815 | |
| 70,235 | 67,561 | 59,321 | 46,813 | 54,170 | |
| 13,918 | 13,903 | 15,979 | 16,090 | 14,634 | |
| <u>\$ 275,961</u> | <u>\$ 274,322</u> | <u>\$ 273,678</u> | <u>\$ 250,045</u> | <u>\$ 266,630</u> | |
| \$ 34,609 | \$ 35,671 | \$ 32,530 | \$ 30,757 | \$ 30,514 | |
| 2,949 | 2,952 | 2,663 | 2,656 | 12,344 | |
| 13,316 | 12,126 | 11,784 | 11,611 | 2,604 | |
| 1,342 | 1,256 | 1,518 | 1,192 | 1,296 | |
| 2,818 | 2,373 | 2,157 | 2,050 | 695 | |
| 8,212 | 7,615 | 7,518 | 7,418 | 7,714 | |
| 1,944 | 1,853 | 1,327 | 624 | - | |
| <u>65,190</u> | <u>63,846</u> | <u>59,497</u> | <u>56,308</u> | <u>55,167</u> | |
| <u>\$ 341,151</u> | <u>\$ 338,168</u> | <u>\$ 333,175</u> | <u>\$ 306,353</u> | <u>\$ 321,797</u> | |

Continued

**Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

| | Fiscal Year | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2009 | 2008 | 2007 |
| Page 3 of 6 | | | | |
| Program revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government (1) | \$ 4,659 | \$ 5,482 | \$ 4,076 | \$ 3,857 |
| Cultural recreation and community services (2) | 3,231 | 2,598 | 1,569 | 2,649 |
| Public safety (3) | 25,370 | 20,844 | 17,642 | 17,959 |
| Developmental services (4) | 15,706 | 13,833 | 10,591 | 12,214 |
| Community development | 6,321 | 8,694 | 418 | 1,921 |
| Operating grants and contributions | 99,887 | 72,232 | 61,202 | 71,352 |
| Capital grants and contributions | 37,218 | 38,694 | 37,448 | 54,166 |
| Total governmental activities program revenues | \$ 192,393 | \$ 162,377 | \$ 132,946 | \$ 164,118 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | \$ 48,782 | \$ 47,338 | \$ 42,574 | \$ 42,233 |
| Parking | 4,287 | 4,274 | 3,757 | 4,105 |
| Refuse collections | 14,988 | 8,615 | 8,111 | 7,877 |
| Transportation center | 1,233 | 1,026 | 850 | 724 |
| Sewer | 4,816 | 4,522 | 3,610 | 3,422 |
| Sanitation | 7,946 | 8,091 | 7,831 | 7,922 |
| Federal clean water protection | 2,474 | 2,384 | 2,340 | 2,389 |
| Operating grants and contributions | - | 6,442 | 6,185 | 6,082 |
| Capital grants and contributions | - | - | - | - |
| Total business-type activities Program revenues | 84,526 | 82,692 | 75,258 | 74,754 |
| Total primary government Program revenues | \$ 276,919 | \$ 245,069 | \$ 208,204 | \$ 238,872 |
| Net (expense) revenue | | | | |
| Governmental activities | (147,562) | (161,079) | (175,487) | (141,193) |
| Business -type activities | 4,068 | 10,250 | 2,830 | 5,257 |
| Total primary government net (expense) revenue | \$ (143,494) | \$ (150,829) | \$ (172,657) | \$ (135,936) |

Continued

STATISTICAL SECTION

SCHEDULE 2

| Fiscal Year | | | | | Page 4 of 6 |
|--------------|--------------|--------------|--------------|--------------|-------------|
| 2006 | 2005 | 2004 | 2003 | 2002 | |
| \$ 4,673 | \$ 6,028 | \$ 5,221 | \$ 5,618 | \$ 5,810 | |
| 5,515 | 3,847 | 2,382 | 2,104 | 1,364 | |
| 19,486 | 21,468 | 21,385 | 17,679 | 15,151 | |
| 11,299 | 7,586 | 7,828 | 6,821 | 7,367 | |
| 3,867 | 5,035 | 893 | 64 | 2 | |
| 62,431 | 67,327 | 57,317 | 67,656 | 68,021 | |
| 27,749 | 12,990 | 21,333 | 16,460 | 17,210 | |
| \$ 135,020 | \$ 124,281 | \$ 116,359 | \$ 116,402 | \$ 114,925 | |
| \$ 38,401 | \$ 35,991 | \$ 35,040 | \$ 31,181 | \$ 30,899 | |
| 3,639 | 3,115 | 3,439 | 2,774 | 6,959 | |
| 7,647 | 7,389 | 7,252 | 7,000 | 2,647 | |
| 905 | 720 | 1,252 | 1,479 | 1,415 | |
| 2,684 | 2,318 | 2,344 | 2,214 | 1,409 | |
| 7,948 | 7,926 | 7,746 | 7,777 | 7,805 | |
| 2,725 | 2,041 | 1,941 | 702 | - | |
| 6,225 | 5,721 | 5,525 | 5,121 | 4,361 | |
| - | - | 714 | 579 | 366 | |
| 70,174 | 65,221 | 65,253 | 58,827 | 55,861 | |
| \$ 205,194 | \$ 189,502 | \$ 181,612 | \$ 175,229 | \$ 170,786 | |
| (140,941) | (150,041) | (157,319) | (133,643) | (151,705) | |
| 4,984 | 1,375 | 5,756 | 2,519 | 694 | |
| \$ (135,957) | \$ (148,666) | \$ (151,563) | \$ (131,124) | \$ (151,011) | |

Continued

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | | |
|---|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2008 | 2007 |
| Page 5 of 6 | | | | |
| General revenues and other changes in net assets | | | | |
| Government activities: | | | | |
| General government (1) | \$ (7,033) | \$ (10,791) | \$ (1,801) | \$ (20,737) |
| Cultural recreation and community services (2) | (12,613) | (19,708) | (15,476) | (21,398) |
| Public safety (3) | (137,118) | (137,103) | (133,106) | (116,787) |
| Developmental services (4) | 27,200 | 22,104 | 3,717 | 36,457 |
| Community development | (1,170) | 999 | (12,236) | (6,309) |
| Interest on long-term debt | (16,828) | (16,580) | (16,585) | (12,420) |
| General revenues: | | | | |
| Property taxes | 79,422 | 106,966 | 103,339 | 94,312 |
| Sales Taxes | 34,496 | 39,699 | 46,421 | 46,770 |
| Hotels visitors' Taxes | 5,650 | 6,149 | 7,714 | 7,442 |
| Utility users taxes | 26,097 | 27,693 | 28,112 | 28,327 |
| Business taxes | 9,944 | 10,027 | 10,444 | 10,019 |
| Franchise taxes | 7,777 | 5,866 | 5,618 | 5,293 |
| Other taxes | 1,090 | 1,500 | 1,837 | 3,242 |
| Intergovernmental, unrestricted | 1,255 | 1,202 | 1,672 | 2,174 |
| Investment income | 2,862 | 4,613 | 5,219 | 7,505 |
| Other revenues | 1,089 | 543 | 389 | 825 |
| Transfers | - | 50 | 128 | - |
| Gain (loss) on disposal of assets | - | - | 372 | - |
| Total Governmental activities | <u>22,120</u> | <u>43,229</u> | <u>35,778</u> | <u>64,715</u> |
| Business-type activities: | | | | |
| Water | 3,055 | 5,428 | 1,285 | 3,050 |
| Parking | 1,463 | 1,506 | 785 | 1,206 |
| Refuse collections | (1,728) | 1,852 | 950 | 981 |
| Transportation center | (191) | (395) | (433) | (579) |
| Sewer | 1,332 | 1,382 | 297 | 338 |
| Sanitation | (126) | 309 | 190 | 670 |
| Federal clean water protection | 263 | 167 | (245) | (409) |
| General revenues: | | | | |
| Investment income | 255 | 463 | 850 | 1,223 |
| Transfers | - | (50) | (128) | - |
| Gain (loss) on disposal of assets | - | - | (155) | - |
| Total business-type activities | <u>4,323</u> | <u>10,662</u> | <u>3,396</u> | <u>6,480</u> |
| Total primary government | <u>26,443</u> | <u>53,891</u> | <u>39,174</u> | <u>71,195</u> |
| Changes in net assets | | | | |
| Government activities | | | | |
| Business-type activities | 22,120 | 43,229 | 35,778 | 64,715 |
| Total primary government | 4,323 | 10,662 | 3,396 | 6,480 |
| | <u>\$ 26,443</u> | <u>\$ 53,891</u> | <u>\$ 39,174</u> | <u>\$ 71,195</u> |

Continued

STATISTICAL SECTION

SCHEDULE 2

| Fiscal Year | | | | | Page 6 of 6 |
|------------------|------------------|------------------|------------------|-----------------|-------------|
| 2006 | 2005 | 2004 | 2003 | 2002 | |
| \$ (11,086) | \$ (11,086) | \$ (9,627) | \$ (8,423) | \$ (8,688) | |
| (11,366) | (11,366) | (18,111) | (17,165) | (19,085) | |
| (103,069) | (103,069) | (105,523) | (93,764) | (96,304) | |
| 19,210 | 19,210 | 8,671 | 2,484 | (7,848) | |
| (20,713) | (20,713) | (16,749) | (684) | (5,144) | |
| (139,189) | (13,918) | (15,979) | (16,091) | (14,634) | |
| 82,624 | 74,874 | 56,340 | 53,088 | 50,389 | |
| 45,094 | 43,973 | 41,865 | 40,383 | 39,059 | |
| 7,187 | 5,470 | 4,656 | 3,993 | 3,899 | |
| 27,565 | 26,666 | 25,874 | 24,958 | 24,335 | |
| 9,829 | 8,180 | 7,792 | 7,637 | 7,576 | |
| 7,107 | 5,673 | 5,422 | 5,141 | 5,403 | |
| 5,188 | 2,174 | 3,352 | 5,851 | 20,982 | |
| 2,904 | 7,726 | 15,905 | - | - | |
| 7,468 | 7,085 | 4,572 | 5,915 | 5,239 | |
| 310 | 323 | 285 | 20,332 | 533 | |
| 200 | (581) | 7 | (4,576) | - | |
| - | - | - | - | - | |
| <u>(70,737)</u> | <u>40,621</u> | <u>8,752</u> | <u>29,079</u> | <u>5,712</u> | |
| 792 | 321 | 2,511 | 1,003 | 385 | |
| 690 | 787 | 1,147 | 119 | 43 | |
| 556 | 359 | 622 | 510 | (1,023) | |
| (437) | (536) | (266) | 287 | 438 | |
| (134) | (54) | 902 | 164 | 736 | |
| (264) | 311 | 227 | 358 | 115 | |
| 781 | 188 | 614 | 78 | - | |
| 803 | 473 | 281 | 441 | 755 | |
| (200) | 581 | (7) | 4,576 | - | |
| - | - | - | - | - | |
| <u>2,587</u> | <u>2,430</u> | <u>6,031</u> | <u>7,536</u> | <u>1,449</u> | |
| <u>(68,150)</u> | <u>43,051</u> | <u>14,783</u> | <u>36,615</u> | <u>7,161</u> | |
| 54,534 | 40,621 | 8,752 | 29,079 | 5,712 | |
| 2,587 | 2,430 | 6,031 | 7,536 | 1,449 | |
| <u>\$ 57,121</u> | <u>\$ 43,051</u> | <u>\$ 14,783</u> | <u>\$ 36,615</u> | <u>\$ 7,161</u> | |

CITY OF SANTA ANA

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

| | Fiscal Year | | | |
|-------------------------------------|-------------|------------|------------|------------|
| | 2010* | 2009 | 2008 | 2007 |
| General Fund | | | | |
| Reserved | \$ - | \$ 5,243 | \$ 3,945 | \$ 4,361 |
| Committed to Other Purposes | 5,509 | - | - | - |
| Unreserved | - | 11,093 | 32,183 | 36,438 |
| Unassigned | 2,962 | - | - | - |
| Total General Fund | \$ 8,471 | \$ 16,336 | \$ 36,128 | \$ 40,799 |
| All Other Governmental Funds | | | | |
| Reserved: | \$ - | \$ 142,939 | \$ 113,693 | \$ 85,460 |
| Nonexpendable | 12,354 | - | - | - |
| Restricted | 247,124 | - | - | - |
| Assigned to Continuing Projects | 3,831 | - | - | - |
| Unassigned, Reported in: | | | | |
| Special Revenue | (86) | 63,681 | 77,705 | 16,893 |
| Capital Projects | (925) | 10,721 | 11,875 | 28,538 |
| Debt Service | (68,330) | - | - | - |
| Total all other governmental funds | \$ 193,968 | \$ 217,341 | \$ 203,273 | \$ 130,891 |

Source: City of Santa Ana 2002 - 2010 CAFRS

The City of Santa Ana implemented GASB 34 for the fiscal year ended June 30, 2002.
Information prior to FY 2002 is not available.

*The City of Santa Ana implemented GASB 54 for the fiscal year ended June 30, 2010.

STATISTICAL SECTION

SCHEDULE 3

| Fiscal Year | | | | |
|-------------------|-------------------|-------------------|-------------------|------------------|
| 2006 | 2005 | 2004 | 2003 | 2002 |
| \$ 9,459 | \$ 5,577 | \$ 7,659 | \$ 10,645 | \$ 12,714 |
| 42,890 | 32,679 | 12,422 | 11,961 | 13,925 |
| <u>\$ 52,349</u> | <u>\$ 38,256</u> | <u>\$ 20,081</u> | <u>\$ 22,606</u> | <u>\$ 26,639</u> |
| \$ 80,941 | \$ 93,205 | \$ 101,638 | \$ 94,624 | \$ 64,167 |
| 10,061 | 5,918 | 10,030 | 7,604 | 8,738 |
| 23,085 | 15,305 | 9,931 | 5,630 | 14,788 |
| - | - | - | - | - |
| <u>\$ 114,087</u> | <u>\$ 114,428</u> | <u>\$ 121,599</u> | <u>\$ 107,858</u> | <u>\$ 87,693</u> |

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

| | Fiscal Year | | | |
|---|--------------------|-------------------|------------------|-----------------|
| | 2010 | 2009 | 2008 | 2007 |
| Revenues: | | | | |
| Taxes | \$ 193,055 | \$ 205,817 | \$ 210,242 | \$ 201,155 |
| License and permits | 2,845 | 3,485 | 3,321 | 3,488 |
| Intergovernmental | 128,240 | 109,186 | 89,337 | 128,046 |
| Charges for services | 10,147 | 9,161 | 13,643 | 10,878 |
| Fines and forfeits | 6,435 | 7,332 | 7,645 | 5,891 |
| Investment income | 2,072 | 11,504 | 13,568 | 27,458 |
| Miscellaneous | 44,368 | 39,359 | 35,050 | 13,242 |
| Total revenues | <u>387,162</u> | <u>385,844</u> | <u>372,806</u> | <u>390,158</u> |
| Expenditures: | | | | |
| General government (1) | 11,745 | 20,300 | 16,497 | 19,152 |
| Cultural recreation and community services (2) | 23,629 | 26,883 | 28,176 | 28,264 |
| Public safety (3) | 177,346 | 173,793 | 160,806 | 156,930 |
| Developmental services (4) | 19,716 | 22,022 | 23,134 | 20,032 |
| Community development | 67,454 | 53,439 | 55,330 | 40,225 |
| Capital outlay | 56,481 | 46,819 | 41,769 | 77,665 |
| Debt service: | | | | |
| Principal | 12,485 | 12,791 | 11,154 | 11,614 |
| Interest | 20,769 | 20,992 | 20,430 | 19,384 |
| Other charges | 28,594 | 11,738 | 11,503 | 8,993 |
| Total expenditures | <u>418,220</u> | <u>388,777</u> | <u>368,799</u> | <u>382,259</u> |
| Excess of revenues Over (under) expenditures | (31,058) | (2,933) | 4,007 | 7,899 |
| Other Financing Sources (uses) | | | | |
| Gain on sale of land held for resale | - | - | 350 | - |
| Transfers in | 68,438 | 65,647 | 57,400 | 39,411 |
| Transfers out | (68,619) | (69,137) | (61,025) | (42,582) |
| Bond premium | - | - | - | - |
| Bond discount and fiscal charges | - | - | - | - |
| Capital lease agreement | - | - | - | 526 |
| Issuance and other costs | - | - | - | - |
| Loan proceeds | - | 700 | - | - |
| OCIP investment loss | - | - | - | - |
| Payment to refund bond escrow agent | - | - | - | - |
| Proceeds from issuance of bonds | - | - | 68,010 | - |
| Proceeds from lease revenue bonds | - | - | - | - |
| Proceeds from refunding bonds | - | - | (1,032) | - |
| Proceeds from state (CHFA) loan | - | - | - | - |
| Total other financing sources (uses) | <u>(181)</u> | <u>(2,790)</u> | <u>63,703</u> | <u>(2,645)</u> |
| Net change in fund balance | \$ <u>(31,239)</u> | \$ <u>(5,723)</u> | \$ <u>67,710</u> | \$ <u>5,254</u> |
| Debt service as a percent of noncapital expenditures | 9.2% | 9.9% | 9.7% | 10.2% |

Source: City of Santa Ana 1998 - 2010 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

STATISTICAL SECTION

SCHEDULE 4

| Fiscal Year | | | | | | |
|------------------|------------------|------------------|------------------|--------------------|------------------|--|
| 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | |
| \$ 190,891 | \$ 173,009 | \$ 149,350 | \$ 141,502 | \$ 134,391 | \$ 133,322 | |
| 4,172 | 3,822 | 3,853 | 3,144 | 2,455 | 3,667 | |
| 87,718 | 85,023 | 94,229 | 98,861 | 95,628 | 83,802 | |
| 16,280 | 13,570 | 11,960 | 10,913 | 10,340 | 10,969 | |
| 5,911 | 5,005 | 3,943 | 3,615 | 3,814 | 3,928 | |
| 29,696 | 26,203 | 23,002 | 21,397 | 23,264 | 27,297 | |
| 15,487 | 9,111 | 8,798 | 10,593 | 7,349 | 8,341 | |
| <u>350,155</u> | <u>315,743</u> | <u>295,135</u> | <u>290,025</u> | <u>277,241</u> | <u>271,326</u> | |
| 15,022 | 13,107 | 11,796 | 13,024 | 14,092 | 12,839 | |
| 24,636 | 22,917 | 21,370 | 23,525 | 26,715 | 20,953 | |
| 141,660 | 134,747 | 120,150 | 113,407 | 110,000 | 105,328 | |
| 17,769 | 15,493 | 17,363 | 19,631 | 21,421 | 18,168 | |
| 40,968 | 43,220 | 39,551 | 44,265 | 40,958 | 32,164 | |
| 48,385 | 40,708 | 40,801 | 49,110 | 40,857 | 35,961 | |
| 11,350 | 9,641 | 7,429 | 8,376 | 6,871 | 8,190 | |
| 20,142 | 21,518 | 21,596 | 24,573 | 21,699 | 21,958 | |
| 9,465 | 6,397 | 4,787 | 3,450 | 2,186 | - | |
| <u>329,397</u> | <u>307,748</u> | <u>284,843</u> | <u>299,361</u> | <u>284,799</u> | <u>255,561</u> | |
| 20,758 | 7,995 | 10,292 | (9,336) | (7,558) | 15,765 | |
| - | - | - | - | - | - | |
| 67,313 | 67,470 | 58,988 | 84,723 | 59,067 | 50,260 | |
| (69,597) | (64,461) | (59,094) | (87,219) | (63,069) | (53,633) | |
| - | - | 2,383 | - | - | - | |
| - | - | - | (274) | - | - | |
| - | - | - | 5,687 | - | - | |
| - | - | - | - | - | - | |
| - | - | - | - | - | - | |
| - | - | (40,535) | (36,456) | - | - | |
| - | - | - | 20,945 | - | - | |
| - | - | - | - | - | - | |
| - | - | 38,845 | 37,199 | - | - | |
| - | - | 335 | 865 | 1,143 | 258 | |
| <u>(2,284)</u> | <u>3,009</u> | <u>922</u> | <u>25,470</u> | <u>(2,859)</u> | <u>(3,115)</u> | |
| \$ <u>18,474</u> | \$ <u>11,004</u> | \$ <u>11,214</u> | \$ <u>16,134</u> | \$ <u>(10,417)</u> | \$ <u>12,650</u> | |
| 11.2% | 11.7% | 11.9% | 13.2% | 11.7% | 13.7% | |

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

| Fiscal Year Ended June 30 | City | | | Taxable Assessed Value |
|---------------------------------|---------------|--------------|----------------------------------|------------------------------|
| | Secured | Unsecured | Less: Exemptions ¹ | |
| 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 |
| 2005 | 14,530,607 | 1,449,024 | (187,232) | 15,792,399 |
| 2004 | 13,388,870 | 1,467,731 | (187,564) | 14,669,037 |

1. Includes tax-exempt property

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

The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006.
Information prior to FY 2004 is not available.

Redevelopment Agency

| Secured | Unsecured | Less: Exemptions ¹ | Taxable Assessed Value |
|--------------|--------------|----------------------------------|------------------------------|
| \$ 5,861,379 | \$ 1,147,376 | \$ (5,924) | \$ 7,002,831 |
| 5,802,723 | 1,135,087 | (5,827) | 6,931,983 |
| 5,204,255 | 1,077,781 | (5,980) | 6,276,056 |
| 3,915,380 | 1,002,201 | (4,456) | 4,913,125 |
| 3,957,501 | 909,681 | (3,242) | 4,863,940 |
| 3,705,383 | 910,600 | (3,132) | 4,612,851 |
| 3,527,810 | 956,067 | (2,917) | 4,480,960 |

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

| | 2010 | 2009 | 2008 |
|-------------------------------|----------------|----------------|----------------|
| City direct rates: | | | |
| City basic rate | (2) | (2) | (2) |
| Redevelopment agency | | | |
| Total City direct rate | - | - | - |
| Overlapping Rates: | | | |
| Santa Ana Unified School | | | |
| District bonds | 0.07167 | 0.03212 | 0.03585 |
| Rancho Santiago Community | | | |
| College District bonds | 0.03141 | 0.02253 | 0.02373 |
| Metropolitan Water District | 0.00370 | 0.00430 | 0.00450 |
| County of Orange | 1.00000 | 1.00000 | 1.00000 |
| Total direct rate | <u>1.10678</u> | <u>1.05895</u> | <u>1.06408</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. *Includes County Improvement Bonds*
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

The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006. Information prior to FY 2004 is not available.

STATISTICAL SECTION

SCHEDULE 6

| 2007 | 2006 | 2005 | 2004 |
|----------------|----------------|----------------|----------------|
| (2) | (2) | (2) | (2) |
| - | - | - | - |
| 0.03915 | 0.04353 | 0.04961 | 0.03871 |
| 0.01911 | 0.01691 | 0.02726 | 0.01776 |
| 0.00470 | 0.00520 | 0.00580 | 0.00610 |
| 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| <u>1.06296</u> | <u>1.06564</u> | <u>1.08267</u> | <u>1.06257</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 |
| 2010 | \$ 28,550,867 | \$ 27,376,262 | 95.9% | \$ 1,116,499 | \$ 28,492,761 | 99.8% |
| 2009 | 29,692,293 | 29,424,955 | 99.1% | 1,182,516 | 30,607,471 | 103.1% |
| 2008 | 32,177,388 | 31,545,969 | 98.0% | 1,215,444 | 32,761,412 | 101.8% |
| 2007 | 29,479,693 | 28,402,671 | 96.3% | 1,824,367 | 30,227,038 | 102.5% |
| 2006 | 28,514,594 | 24,929,393 | 87.4% | 971,194 | 25,900,587 | 90.8% |
| 2005 | 23,876,714 | 21,658,397 | 90.7% | 524,437 | 22,182,834 | 92.9% |
| 2004 | 22,192,001 | 21,061,515 | 94.9% | 601,509 | 21,663,024 | 97.6% |
| 2003 | 20,950,375 | 19,827,124 | 94.6% | 577,022 | 20,404,146 | 97.4% |
| 2002 | 20,070,931 | 19,149,489 | 95.4% | 517,802 | 19,667,291 | 98.0% |
| 2001 | 19,018,727 | 18,368,954 | 96.6% | 501,106 | 18,870,060 | 99.2% |

Source: County of Orange Auditor-Controller's Office

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

| Category | Fiscal Year | | | | | |
|----------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General Retail | \$ 32,467 | 35,097 | 39,163 | 40,425 | 40,966 | 39,059 |
| Business to Business | 28,838 | 35,293 | 37,484 | 40,034 | 38,206 | 38,719 |
| Transportation | 28,414 | 32,835 | 36,254 | 36,901 | 35,862 | 34,188 |
| Food Products | 20,283 | 21,654 | 22,867 | 22,402 | 21,875 | 20,967 |
| Construction | 14,305 | 17,661 | 20,820 | 21,621 | 20,147 | 18,342 |
| Miscellaneous ¹ | 1,548 | 1,997 | 1,735 | 1,703 | 1,655 | 1,059 |
| Total | \$ 125,855 | 144,536 | 158,323 | 163,086 | 158,711 | 152,334 |

1. Miscellaneous category includes health & government

The County of Orange has a 8.75% tax rate,
The City of Santa Ana does not have a direct tax rate

Source: MBLA Muniservices

The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006.
Information prior to 2005 is not available.

**Principal Property Tax Remitters
Fiscal Year 2010**

| Principal Property Tax Remitters | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
|----------------------------------|------------------------------|------|---|
| Mainplace Shoppingtown | \$ 222,566,711 | 1 | 1.09% |
| NDC Skyline Assoc | 132,151,436 | 2 | 0.64% |
| GLL US Office LP | 129,225,656 | 3 | 0.63% |
| First American Title | 113,796,409 | 4 | 0.56% |
| Greenville Ranch LLC | 108,840,135 | 5 | 0.53% |
| Freedom Newspapers Inc | 98,197,637 | 6 | 0.48% |
| Mountain Ventures | 84,660,000 | 7 | 0.41% |
| 1851 E First Street | 82,243,620 | 8 | 0.40% |
| Maguire Properties Griffi | 80,000,000 | 9 | 0.39% |
| Fund IX VT Santa Ana | 76,137,735 | 10 | 0.37% |
| Total | \$ 1,127,819,339 | | 5.50% |

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

Source: MBIA Muniservices

*The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006.
Information prior to the implementation of GASB 44 is not available.*



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

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

| | Fiscal Year | | |
|--|---------------------|---------------------|---------------------|
| | 2010 | 2009 | 2008 |
| Type of Customer | | | |
| Residential | 8,084,666.0 | 9,775,959.9 | 9,116,657.7 |
| Commercial | 2,158,521.6 | 2,772,523.9 | 2,751,669.8 |
| Industrial | 710,905.9 | 996,097.7 | 965,694.2 |
| Wholesale food | 106,531.7 | 115,519.1 | 110,642.7 |
| Government | 316,262.6 | 218,620.8 | 116,565.3 |
| Others ¹ | 515,525.3 | 655,178.0 | 548,450.8 |
| Total | 11,892,413.1 | 14,533,899.4 | 13,609,680.5 |
| Total direct rate per 44 units ² | \$ 2.673 | \$ 2.284 | \$ 2.085 |

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

2. A unit is 748 gallons

Source: City of Santa Ana Finance Department, Water Division

The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006.
Information prior to FY 2003 is not available.

STATISTICAL SECTION

SCHEDULE 10

| Fiscal Year | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2007 | 2006 | 2005 | 2004 | 2003 |
| 9,696,685.3 | 9,221,423.3 | 9,477,817.4 | 9,825,891.1 | 9,944,399.6 |
| 2,955,599.3 | 2,895,335.2 | 2,767,566.3 | 2,756,922.3 | 2,586,620.7 |
| 1,089,224.9 | 971,067.8 | 994,549.0 | 1,089,612.3 | 1,248,816.7 |
| 117,391.9 | 124,716.3 | 129,422.0 | 135,905.6 | 146,190.6 |
| 122,765.5 | 102,283.7 | 319,429.7 | 344,377.7 | 328,247.1 |
| 572,328.5 | 481,370.2 | 504,001.7 | 532,953.0 | 530,480.1 |
| <u>14,553,995.4</u> | <u>13,796,196.5</u> | <u>14,192,786.1</u> | <u>14,685,662.0</u> | <u>14,784,754.8</u> |
| \$ 1.871 | \$ 1.760 | \$ 1.608 | \$ 1.452 | \$ 1.283 |

Water Rates
Last Eight Fiscal Years

| Fiscal Year Ended June 30 | Monthly base Rate ¹ | Rate per 44 Units ² |
|------------------------------|-----------------------------------|-----------------------------------|
| 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 |
| 2005 | 7.00 | 1.61 |
| 2004 | 7.00 | 1.45 |
| 2003 | 7.00 | 1.28 |

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 Department, Water Division

The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006.
 Information prior to FY 2003 is not available.

**Principal Water Customers
Fiscal Year 2010**

| Water Customer | 2010 | |
|----------------------------|-----------------------------|---|
| | Taxable Water Charges | Percentage of Total Water Revenues |
| Adohr Farms Inc | \$ 256,656 | 0.59% |
| Chroma Systems | 247,195 | 0.57% |
| Power Circuits Inc. | 229,352 | 0.53% |
| Fairview Villas | 203,216 | 0.47% |
| MacArthur Village | 145,184 | 0.33% |
| Warwick Square Assoc. Inc. | 139,952 | 0.32% |
| Far West Management Corp | 125,317 | 0.29% |
| Town Square Owners | 112,243 | 0.26% |
| Western Medical Center | 109,333 | 0.25% |
| On The Lk Versailles | 103,228 | 0.24% |
| Total | \$ 1,671,676 | 3.85% |

Source: City of Santa Ana Finance Department, Water Division

The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006.
Information prior to the implementation of GASB 44 is not available.

Ratios of Outstanding Debt by Type¹
Last Seven Fiscal Years

| Other Governmental Activities Debt | | | | | |
|------------------------------------|-----------------------|--------------------------------|----------------|-------------------------------|--|
| Fiscal Year | Tax Allocation Bonds | Tax Allocation Refunding Bonds | Capital Leases | Certificates of Participation | |
| 2010 | \$ 18,010,000 | \$ 22,770,000 | \$ 4,342,004 | \$ 77,515,000 | |
| 2009 | 18,520,000 | 24,500,000 | 5,705,163 | 77,845,000 | |
| 2008 | 19,020,000 | 26,160,000 | 8,516,932 | 78,160,000 | |
| 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 | |
| 2005 | 20,470,000 | 30,757,258 | 5,684,440 | 11,020,000 | |
| 2004 | 20,945,000 | 32,236,347 | 7,107,587 | 11,285,000 | |
| Business-type Activities | | | | | |
| Fiscal Year | Revenue Bonds Payable | Certificates of Participation | Refunding COP | Notes Payable | |
| 2010 | \$ 16,250,000 | - | \$ 7,755,000 | \$ 1,308,434 | |
| 2009 | 17,060,000 | - | 8,680,000 | 1,458,557 | |
| 2008 | 17,850,000 | - | 9,485,000 | 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 | |
| 2005 | 19,438,010 | 4,432,394 | 12,589,505 | 2,009,567 | |
| 2004 | 19,404,410 | 5,385,904 | 13,814,460 | 2,135,779 | |

Notes:

Source: City of Santa Ana 2004 - 2010 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.

The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006.

Information prior to FY 2004 is not available.

STATISTICAL SECTION

SCHEDULE 13

Other Governmental Activities Debt

| | Lease Revenue Bonds | | Refunding Revenue Bonds | | Long Term Loans |
|----|---------------------------|----|-------------------------------|----|-----------------------|
| \$ | 84,930,000 | \$ | 64,930,000 | \$ | 8,006,082 |
| | 88,960,000 | | 69,750,000 | | 8,328,862 |
| | 92,830,000 | | 74,335,000 | | 7,050,475 |
| | 96,543,001 | | 78,695,000 | | 7,054,737 |
| | 100,967,003 | | 82,850,000 | | 8,878,375 |
| | 105,301,003 | | 86,830,000 | | 10,586,752 |
| | 108,220,004 | | 90,605,000 | | 12,189,685 |

| | Total Primary Government | | Percentage of Personal Income ² | | Debt Per Capital ² |
|----|--------------------------------|----|--|----|-------------------------------------|
| \$ | 305,814,570 | \$ | 0.06% | \$ | 7,142 |
| | 320,807,582 | | 0.06% | | 7,475 |
| | 335,010,966 | | 0.06% | | 8,000 |
| | 276,067,997 | | 0.05% | | 7,077 |
| | 292,518,637 | | 0.06% | | 7,924 |
| | 309,118,929 | | 0.07% | | 8,786 |
| | 323,329,176 | | 0.08% | | 9,757 |

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

| | Fiscal Year | | | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2009 | 2008 | 2007 |
| Debt limit | \$ 512,795,676 | \$ 548,286,091 | \$ 529,602,908 | \$ 488,986,777 |
| Total net debt applicable to limit | - | - | - | - |
| Legal debt margin | \$ <u>512,795,676</u> | \$ <u>548,286,091</u> | \$ <u>529,602,908</u> | \$ <u>488,986,777</u> |

Legal Debt Margin Calculation for Fiscal Year 2010:

| | |
|---|-----------------------|
| Assessed value | \$ 20,511,827,053 |
| Debt Limit (2.5 percent of assessed value) ¹ | <u>512,795,676</u> |
| Debt applicable to limit: | |
| General obligation bonds | None |
| Legal debt margin | \$ <u>512,795,676</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.

| | | | | | | Fiscal Year | | | | | |
|------|--------------------|------|--------------------|------|--------------------|-------------|--------------------|------|--------------------|------|--------------------|
| 2006 | | 2005 | | 2004 | | 2003 | | 2002 | | 2001 | |
| \$ | 436,374,410 | \$ | 333,262,607 | \$ | 280,586,375 | \$ | 266,029,957 | \$ | 252,587,891 | \$ | 236,397,923 |
| | - | | - | | - | | - | | - | | - |
| \$ | <u>436,374,410</u> | \$ | <u>333,262,607</u> | \$ | <u>280,586,375</u> | \$ | <u>266,029,957</u> | \$ | <u>252,587,891</u> | \$ | <u>236,397,923</u> |

**Direct and Overlapping Debt
Fiscal Year 2010**

| <u>City of Santa Ana</u> | | | |
|---|--------------------|---------------------|--------------------------|
| 2009-10 Assessed Valuation | \$ 20,511,827,053 | | |
| Redevelopment Incremental Valuation: | 5,720,661,187 | | |
| | \$ 14,791,165,866 | | |
| | Total Debt | | City's Share of |
| <u>Overlapping Tax and Assessment Debt:</u> | <u>06/30/10</u> | <u>% Applicable</u> | <u>(1) Debt 06/30/10</u> |
| Metropolitan Water District | \$ 264,220,000 | 0.814 | \$ 2,150,751 |
| Coast Community College District | 334,718,867 | 0.275 | 920,477 |
| Rancho Santiago Community College District | 313,655,747 | 26.865 | 84,263,616 |
| Santa Ana Unified School District | 272,698,366 | 51.811 | 141,287,750 |
| Tustin Unified School District Facilities Improvement District No 2002-1 | 62,705,295 | 12.634 | 7,922,187 |
| Tustin Unified School District Facilities Improvement District No 2008-1 | 25,000,000 | 12.536 | 3,134,000 |
| Total Overlapping Tax and Assessment Debt: | | | \$ 239,678,781 |
| <u>Direct and Overlapping General Fund Debt:</u> | | | |
| Orange County General Fund Obligations | \$ 391,027,000 | 3.950% | \$ 15,445,567 |
| Orange County Pension Fund Obligations | 59,333,382 | 3.950 | 2,343,669 |
| Orange County Board of Education Certificates of Participation | 19,230,000 | 3.950 | 759,585 |
| Community College District Certificates of Participation | 18,845,000 | 0.835 | 157,356 |
| Orange Unified School District Benefit Obligations | 92,665,000 | 2.594 | 2,403,730 |
| Orange Unified School District Certificates of Participation | 49,995,000 | 2.594 | 1,296,870 |
| Santa Ana Unified School District Certificates of Participation | 53,953,747 | 51.811 | 27,953,976 |
| Tustin Unified School District Certificates of Participation | 5,390,000 | 7.944 | 428,182 |
| City of Santa Ana General Fund Obligations | 106,220,000 | 100.000 | 106,220,000 |
| Irvine Ranch Water District Certificates of Participation | 85,145,000 | 0.638 | 543,225 |
| Total Gross Direct and Overlapping General Fund Debt | | | \$ 157,552,160 |
| Less: City of Santa Ana Certificate of Participation supported by parking revenues | | | 7,755,000 |
| Total Net Direct and Overlapping General Fund Debt | | | \$ 149,797,160 |
| Gross Combined Total Debt | | | \$ 397,230,941 (2) |
| Net Combined Total Debt | | | \$ 389,475,941 |

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2009-10 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 1.17%

Ratios to adjust Assessed Valuation:

Gross Combined Direct Debt (\$106,220,000)..... 0.72%

Net Combined Direct Debt (\$98,465,000)..... 0.67%

Gross Combined Total Debt..... 2.69%

Net Combined Total Debt..... 2.63%

State School Building Aid Repayable as of 06/30/10 \$0

Source: California Municipal Statistics, Inc.

**Pledged-Revenue Coverage
Last Eight Fiscal Years
(amounts expressed in thousands)**

| Fiscal Year Ended June 30 | Water Revenue | Less Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
|---------------------------------|------------------|-------------------------------|-----------------------------|--------------|----------|----------|
| | | | | Principal | Interest | |
| 2010 | \$ 48,782 | \$ 42,543 | \$ 6,239 | 810 | 708 | 31.12 |
| 2009 | 47,338 | 38,734 | 8,604 | 790 | 729 | 32.08 |
| 2008 | 42,574 | 38,356 | 4,218 | 770 | 749 | 35.68 |
| 2007 | 42,233 | 36,327 | 5,906 | 750 | 767 | 35.92 |
| 2006 | 38,401 | 32,810 | 5,591 | 740 | 783 | 39.66 |
| 2005 | 35,992 | 32,846 | 3,146 | 455 | 1,069 | 42.34 |
| 2004 | 35,040 | 29,500 | 5,540 | 435 | 1,093 | 43.61 |
| 2003 | 31,181 | 27,679 | 3,502 | 410 | 1,115 | 48.91 |

Source: City of Santa Ana 2003 - 2010 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.

The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006.

Information prior to FY 2003 is not available.

**Demographic and Economic Statistics
Last Seven Calendar Years**

| Calendar Year | Population (1) | Personal Income (in thousands) (2) | Per Capita Personal Income (2) | Unemployment Rate (3) |
|------------------|-------------------|--|--------------------------------------|-----------------------------|
| 2009 | 357,754 | \$ 551,271,000 | 42,818 | 15.7% |
| 2008 | 355,662 | 552,450,000 | 42,916 | 10.4% |
| 2007 | 353,184 | 539,163,000 | 41,875 | 8.5% |
| 2006 | 353,428 | 505,197,000 | 39,011 | 5.5% |
| 2005 | 351,322 | 477,101,000 | 36,917 | 5.4% |
| 2004 | 351,697 | 453,902,000 | 35,188 | 6.2% |
| 2003 | 347,237 | 427,041,000 | 33,138 | 3.5% |

- Sources:
1. State Department of Finance
 2. Bureau of Economic Analysis
 3. State of California Employment Development

*The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006.
Information prior to 2003 is not available.*

**Principal Employers
Fiscal Year 2010**

| Employer | 2010 | |
|--|------------------------|-----------------------------------|
| | Number of Employees | Percent of Total Employment |
| County of Orange | 15,390 | 9.5% |
| Ingram Micro | 4,000 | 2.5% |
| Rancho Santiago Community College | 2,300 | 1.4% |
| United States Postal Service | 2,000 | 1.2% |
| Tenet Healthsystem Medical | 1,500 | 0.9% |
| Freedom Communications Inc | 900 | 0.6% |
| First American Corp | 900 | 0.6% |
| Corinthian Colleges Inc | 858 | 0.5% |
| California Department of Mental Health | 800 | 0.5% |
| Ponderosa Builders Inc | 800 | 0.5% |

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

Source: Economic Development Division of Community Development Agency, City of Santa Ana

The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006. Information prior to the implementation of GASB 44 is not available.

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

| <u>Function</u> | Full-Time and Part-time Employees as of June 30 | | | |
|---|---|--------------|--------------|--------------|
| | 2010 | 2009 | 2008 | 2007 |
| General government (1) | 192 | 203 | 232 | 229 |
| Cultural recreation and community services (2) | 395 | 404 | 459 | 462 |
| Public safety (3) | 896 | 934 | 973 | 963 |
| Developmental services (4) | 246 | 281 | 326 | 311 |
| Community development | 94 | 111 | 121 | 122 |
| Total | <u>1,823</u> | <u>1,933</u> | <u>2,111</u> | <u>2,087</u> |

1. Includes Human Resources and Finance

2. Includes Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

Source: Payroll Department, Finance Agency of City of Santa Ana

Full-Time and Part-time Employees as of June 30

| 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 218 | 211 | 216 | 225 | 241 | 231 |
| 360 | 369 | 386 | 450 | 538 | 548 |
| 939 | 919 | 981 | 997 | 1,025 | 1,052 |
| 294 | 303 | 308 | 322 | 339 | 332 |
| 118 | 132 | 138 | 141 | 140 | 141 |
| <u>1,929</u> | <u>1,934</u> | <u>2,029</u> | <u>2,135</u> | <u>2,283</u> | <u>2,304</u> |

Operating Indicators by Function Last Five Fiscal Years

| | 2010 | 2009 |
|--|--------|--------|
| Police: | | |
| Physical arrests | 11,313 | 12,975 |
| Parking citations issued | 87,827 | 94,792 |
| Traffic citations issued | 17,989 | 20,154 |
| Responses to 911 calls | 24,986 | 25,009 |
| Fire: | | |
| Number of emergency calls | 17,808 | 17,859 |
| Inspections | 5,124 | 3,985 |
| Public Works: | | |
| Streets: | | |
| -Street resurfacing (miles) | - | 94.23 |
| -Pot holes repaired | 25,000 | 25,000 |
| Sanitation: | | |
| -Refuse collected (tons/year) | | |
| -Recyclables collected (tons/year) | | |
| Refuse collected (tons/year) | | |
| -Tons Disposed (1) | | |
| -Goal: Max lbs refuse disposed/person* | 7.5 | 7.5 |
| -Actual: lbs refuse disposed/person* | 4.7 | 5.2 |
| Water: | | |
| -New connections | 35 | 52 |
| -Water mains breaks | 41 | 19 |
| -Average daily consumption (thousands of gallons) | 34,900 | 36,700 |
| Parks, recreation and community services: | | |
| Athletic field permits issued | 8,890 | 9,871 |
| Number of recreation classes (subjects) | 151 | 158 |
| Number of facility rentals | 3,014 | 3,335 |
| Planning and Building: | | |
| Number of building permits issued | 2,032 | 2,215 |
| Number of plan checks | 1,405 | 1,571 |
| Number of inspections | 23,168 | 39,147 |
| Number of demolition building permits | 17 | 12 |
| Value of construction (in thousands): | | |
| -Commercial and industrial construction | 2,544 | 6,571 |
| -Residential construction | 1,408 | 951 |
| -Other additions and alterations | 55,008 | 43,132 |

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

Source: City of Santa Ana

The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006.

Information prior to the implementation of GASB 44 is not available.

STATISTICAL SECTION

SCHEDULE 20

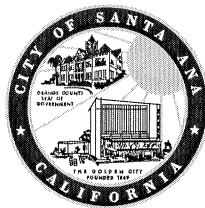
| 2008 | 2007 | 2006 |
|-----------|-----------|---------|
| 13,841 | 12,450 | 12,219 |
| 103,817 | 103,383 | 95,299 |
| 26,233 | 42,995 | 34,028 |
| 25,616 | 24,671 | 22,301 |
| 10,645 | 18,215 | 19,960 |
| 2,033 | 4,026 | 4,106 |
| 10 | 2 | 1.39 |
| 27,440 | 28,500 | 26,570 |
| 1,025,000 | 1,025,000 | 970,000 |
| 620,000 | 600,000 | 580,000 |
| 89 | 147 | 107 |
| 21 | 27 | 13 |
| 38,400 | 83,000 | 42,000 |
| 9,139 | 8,659 | 9,855 |
| 127 | 104 | 91 |
| 3,002 | 2,691 | 1,812 |
| 3,112 | 3,868 | 4,581 |
| 2,672 | 3,221 | 2,574 |
| 48,687 | 42,308 | 41,659 |
| 42 | 45 | 48 |
| 14,069 | 15,031 | 7,374 |
| 7,170 | 22,007 | 122,060 |
| 69,403 | 64,773 | 93,717 |

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

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Police: | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 |
| Fire: | | | | | |
| Fire stations | 10 | 10 | 10 | 10 | 10 |
| Public Works: | | | | | |
| Street (miles) | 425 | 425 | 425 | 425 | 400 |
| Streetlights | 1,630 | 1,606 | 1,606 | 1,593 | 1,582 |
| Traffic Signals | 285 | 285 | 282 | 279 | 275 |
| Parks, Recreation and community services | | | | | |
| Number of parks | 35 | 35 | 35 | 40 | 40 |
| Number of libraries | 2 | 2 | 2 | 2 | 2 |
| Number of recreation facilities | 17 | 17 | 17 | 8 | 8 |
| Number of municipal swimming pools | 5 | 5 | 5 | 5 | 5 |
| Number of municipal tennis centers | 2 WITH 25 COURTS | 2 WITH 25 COURTS | 2 WITH 25 COURTS | 2 WITH 25 COURTS | 2 WITH 25 COURTS |
| Number of miles of bike trails | 11 | 11 | 11 | 11 | 11 |
| Water: | | | | | |
| Water mains (miles) | 478 | 488 | 488 | 488 | 488 |
| Maximum daily capacity (thousands of gallons) | 146,000 | 146,000 | 146,000 | 159,000 | 157,000 |
| Number of water wells | 20 | 20 | 20 | 19 | 19 |
| Number of reservoirs | 10 | 10 | 10 | 10 | 10 |
| Number of hydrants | 4,812 | 4,779 | 4,943 | 4,927 | 4,901 |
| Sewer: | | | | | |
| Sewer mains (miles) | 390 | 390 | 390 | 389 | 389 |

Source: City of Santa Ana

The City of Santa Ana implemented GASB 44 for the fiscal year ended June 30, 2006.
Information prior to the implementation of GASB 44 is not available.



CITY OF SANTA ANA
CALIFORNIA

2010 Comprehensive Annual Financial Report

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