



# 2012 Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

CITY OF SANTA ANA, CALIFORNIA



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

CITY OF SANTA ANA, CALIFORNIA

*2012*  
**Comprehensive Annual  
Financial Report**

For the Fiscal Year Ended June 30, 2012

Prepared by  
Finance & Management Services Agency

Francisco Gutierrez  
Executive Director



Comprehensive Annual Financial Report

Table of Contents

June 30, 2012

	<u>Page No.</u>
INTRODUCTORY SECTION (unaudited)	
Title Page .....	i
Table of Contents .....	iii
Letter of Transmittal .....	1
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	8
Directory of City Officials .....	9
Table of Organization .....	10
FINANCIAL SECTION	
Independent Auditor’s Report .....	14
Management’s Discussion and Analysis (Required Supplementary Information).....	18
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	34
Statement of Activities .....	35
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	43
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	46
Statement of Revenues, Expenditures and Changes in Fund Balances.....	47
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	49
Proprietary Funds:	
Statement of Net Assets .....	51
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	53
Statement of Cash Flows.....	55
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	59
Statement of Changes in Fiduciary Net Assets - Santa Ana Redevelopment Agency Private-Purpose Trust Fund.....	60
Note to the Basic Financial Statements.....	64
Required Supplementary Information	
Budgetary Comparison Schedules:	
General Fund.....	122
Special Revenue Housing Authority Fund.....	123
Special Revenue Gas Tax Fund .....	124

**Table of Contents** *(continue)*

	<u>Page No.</u>
Note to Required Supplementary Information .....	125
Miscellaneous and Safety Plans Schedule of Funding Progress .....	127
OPEB Schedule of Funding Progress.....	128
 Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet .....	132
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	133
Combining Balance Sheet	
For Special Revenue Funds .....	135
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
For Special Revenue Funds .....	137
Budgetary Comparison Schedules for Certain Special Revenue Funds:	
Sewer Connection Fee.....	138
Civic Center & Maintenance .....	139
Inmate Welfare .....	140
Air Quality Improvement .....	141
Combining Balance Sheet	
For Capital Projects Funds .....	143
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
For Capital Projects Funds .....	145
Nonmajor Enterprise Funds:	
Combining Statement of Net Assets.....	149
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	151
Combining Statement of Cash Flows .....	153
Internal Service Funds:	
Combining Statement of Net Assets.....	159
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	163
Combining Statement of Cash Flows .....	167
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities .....	171
Combining Statement of Changes with Fiduciary Assets and Liabilities.....	173
 STATISTICAL SECTION (unaudited)	
	<u>Table No.</u>
Statistical Section Table of Contents .....	178
Net Assets by Component - Last Ten Fiscal Years .....	179
Changes in Net Assets - Last Ten Fiscal Years .....	181
Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	187
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	189

**Table of Contents** *(continue)*

	<u>Table No.</u>	<u>Page No.</u>
Assessed Value and Estimated Actual Value of Taxable Property –		
Last Nine Fiscal Years .....	5	191
Direct and Overlapping Property Tax Rates – Last Nine Fiscal Years .....	6	193
Property Tax Levies and Collections – Last Ten Fiscal Years.....	7	195
Taxable Sales by Category – Last Eight Fiscal Years.....	8	196
Principal Property Tax Remitters – Fiscal Year 2012.....	9	197
Water Sold by Type of Customers – Last Ten Fiscal Years .....	10	199
Water Rates- Last Ten Fiscal Years.....	11	201
Principal Water Customers – Fiscal Year 2012 .....	12	202
Ratios of Outstanding Debt by Type – Last Nine Fiscal Years.....	13	203
Legal Debt Margin Information – Last Ten Fiscal Years .....	14	205
Direct and Overlapping Debt - Fiscal Year 2012.....	15	207
Pledged - Revenue Coverage – Last Ten Fiscal Years.....	16	208
Demographic and Economic Status – Last Nine Calendar Years .....	17	209
Principal Employers – Fiscal Year 2012.....	18	210
Full-time and Part-time City Employees by Function –		
Last Ten Fiscal Years.....	19	211
Operating Indicators by Function – Last Seven Fiscal Years .....	20	213
Capital Assets Statistics by Function – Last Seven Fiscal Years .....	21	215



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report

**MAYOR**

Miguel A. Pulido  
**MAYOR PRO TEM**  
Claudia C. Alvarez  
**COUNCILMEMBERS**  
P. David Benavides  
Carlos Bustamante  
Michele Martinez  
Vincent F. Sarmiento  
Sal Tinajero



**CITY MANAGER**  
Paul M. Walters  
**CITY ATTORNEY**  
Sonia R. Carvalho  
**CLERK OF THE COUNCIL**  
Maria D. Huizar

## **CITY OF SANTA ANA**

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

December 04, 2012

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, 2012.

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, 2012 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, 2012 are fairly presented in conformity with generally accepted accounting principles (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 327,731. The City of Santa Ana is considered the governmental center of all Orange County. The City Civic Center complex houses County Administration, State Offices, Federal Offices as well County Court functions and the Ronald Reagan Federal Court House.

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. Although the City of Santa Ana was also responsible for three legally separate entities: The Community Redevelopment Agency of the City of Santa Ana (RDA), the Housing Authority, and the Santa Ana Financing Authority. The dissolution of Redevelopment Agencies through AB1x26 resulted in the establishment of the Successor Agencies to the Redevelopment Agencies. The City adopted a resolution declaring its intent to serve as the Successor Agency to the RDA (Successor Agency) and also designating the Housing Authority of the City of Santa Ana to serve as the Housing Successor Agency. Additional information on all four 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 122 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 123 through 124 as well as on pages 138 and 141.

### **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.** The City of Santa Ana is located within the Los Angeles- Long Beach-Santa Ana Metropolitan area. The area is the 2<sup>nd</sup> highest producing metro area as measured by Gross Metropolitan Product. 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 25,000 businesses (as measured by business licenses issued) with the top 25 businesses generating more than 30% of the jurisdiction's total sales/use tax revenue. The City has a solid retail base which is anchored by the Main Place Mall, the Santa Ana Auto Mall and a resurging downtown. The downtown area has recently attracted many new restaurants that surround a cultural artist village component.

In addition, the City's general economic base includes transportation, business to business, general retail, food industry and construction. Key elements in enhancing the City's economic base are business attraction and retention program as well as the City's designation to the Enterprise Zone. The City's designation as an Enterprise Zone provides a competitive edge in maintaining and attracting new businesses to the area. These include general retail, transportation, manufacturing, business to business endeavors construction, and food products.

**Local economy.** Although the City is positioned to thrive given the activity as listed above, the economic recession which began in 2007 did have a dramatic effect on state and local governments across the nation. With the housing market sub-prime "bubble" collapse, increased failures of many major financial institutions and resulting limits on borrowing, and increasing unemployment the resulting effect on state and local revenue was dramatic. The City of Santa Ana was no exception. California's unemployment rate fell to 10.2% in September 2012, Orange County was at 7.1%, while Santa Ana which reached a high of 15% in 2010 has dropped to 11.4% as of October 2012. All these events placed pressure on local economic activity. However, after several years of economic decline, building permit, business license and retail activity are showing signs of modest growth. With what now appears to be an economy that is stabilizing, two of the City's major local revenues sources (sales and hotel visitors' taxes) are now trending upwards.

However, the State of California continues to have its own budgetary challenges that in turn places pressure upon local city revenues. As an example and in response to their own budgetary challenges, the State eliminated the current funding mechanism for all Redevelopment Agencies. Curtailing redevelopment activities changes the efforts and focus for local agencies on how to create jobs and future development projects.

Overall, there are signs of an economic recovery although modest. Low job growth and high unemployment will continue to place pressure on a quick recovery. The depth of the recession and asset values lost make economists to believe that recovery will be long term. The erosion of City of Santa Ana General Fund revenues over the past four fiscal years and the projected slow growth only

means that there has been a structural shift in local revenues. By the end of fiscal year 2011-12 the City established a new revenue base line for future growth.

**Long-term financial planning.** With the collapse of the economy, ensuring the City's financial stability has become a critical component in developing a short term response and long term financial plan. In response to declining revenues, the City repositioned itself in terms of programs and staffing. From FY 08-09 thru 11-12, 582 (33%) full-time positions were impacted either through layoffs, attrition, or un-funding of positions. In addition, the City negotiated various concessions from labor groups which included furloughs, higher contributions towards pension and health benefit costs, outsourcing such as the Fire and Medical services and several agencies were combined to gain efficiency.

For fiscal year 2012-13 the City committed to establishing a fundamental strategy of balancing budgets by adopting a formal fiscal policy. As a result, the City submitted a balanced budget that balanced recurring revenues with recurring expenditures. As the City begins to align its operational budget, fiscal sustainability also requires a financial reserve structure that will allow the City to survive the next major negative economic event. As part of the FY2012-13 budget adoption process, the approval and adoption of the City's reserve policy is an important new practice. The reserve policy provides for a two-tiered reserve; outlines the plan to bring the City back into acceptable reserve levels recommended by the Government Finance Officers Association (GFOA), and defines the balance budget approach that will help guide the City in the forthcoming years.

In addition, the City is reviewing many of its bonds to determine refinancing opportunities or to reduce annual payments by capitalizing on lower interest rates. It is reviewing its various funds to ensure adequate reserves and will look to implement long term policies to ensure proper reserve levels. In 2012-13, 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 City goals. Through the efforts of our departments and the citywide grants task force, the City secured \$70.9 million in competitive grant funding in fiscal year 2012-2013. Also through the efforts of the Santa Ana Police Department, the Department of Homeland Security has awarded the City the Fiscal Year 2013 Urban Area Security Initiative Grant for \$10.74 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.

Although the City recently experienced a modest drop in population that can be attributed to the resulting migration and hardships of the economic recession, the City's population has increased by almost 50% over the last 20 years. As the economy improves, it is anticipated that Santa Ana will continue to experience modest population growth through 2025. To ensure a thriving community the City has always placed emphasis in providing and maintaining a solid infrastructure and essential community facilities. As such, the city strives to ensure proper levels of maintenance for our infrastructure, public buildings, parks and neighborhoods. This is reflected in the \$29.8 million Capital Improvement Program. Fiscal year 2012-2013 includes: \$9.06 million committed for street resurfacing, and reconstruction of damaged curbs, and sidewalks; \$6.55 million for improvements at City parks and public facilities; \$10 million for improvements to the water and sewer systems; and \$1.64 million for traffic improvements.

**External Financial Impacts.** As local governmental agencies dealt with the effects of declining revenues due to the economic recession and mounting costs associated with PERS retirement system, rating agencies were also under scrutiny because many had failed to warn the financial markets of the

potential problems. As such, an increase in rating agency reviews of existing debt rose over the past year resulting in downgrades of various issuances across many jurisdictions. The City of Santa Ana was no exception. During the latter part of calendar year 2011, Moody's downgraded Certificates of Participation on City Hall Expansion project from A2 to Baa1. However, with the City's efforts in establishing a balanced budget and building up reserves, the City is in a position for a positive review.

Key areas for the City to improve its financial stability include continuing to contain its compensation structure through higher employee contributions (employees to pick-up higher costs) as it relates to pension and health benefits, continuing to build upon the established reserves and meeting the overall reserve objective, and exploring alternative service delivery models that are cost effective and more efficient. In addition, the City is looking to ensure that all areas have sound fiscal and legal assessments as it moves to structural stability. The City engaged outside legal counsel to provide a review of its bond disclosure requirements and process, an overall assessment on revenue streams, and to provide recommendations to minimize any outside challenges.

**Major initiatives.** The City of Santa Ana has launched a comprehensive fat, oils, and grease (FOG) control program under the State laws requirement. The Public Works and the Planning and Building Agencies cooperated to develop a comprehensive program that includes providing education, information and assistance to businesses and homes owners to keep FOG out of the sewer system.

Recently the City of Santa Ana Planning and Building Agency has launched its online inspection scheduling system where its residents can schedule, view and cancel building inspections online for 24 hours a day and 7 days a week.

Since its inception, the Community Development of the City of Santa Ana has been received \$17.3 million in Neighborhood Stabilization Program (NSP). The City has implemented five programs: Downpayment Assistant; Acquisition & Rehabilitation of Single Family Homes; Acquisition & Rehabilitation of Condominiums and Historic Homes; Acquisition & Rehabilitation of Rental Housing; and Redevelopment. At the time of the enactment of the Housing and Economic Act of 2008, the City of Santa Ana had approximately 1,500 foreclosures, 1,100 Notice of Default, and 1,700 active subprime loans throughout the city. The Housing crisis has affected all sectors of the City community. The City is focused on stabilizing its neighborhood by focusing its acquisition and rehabilitation activities in distressed neighborhoods.

The American Recovery and Reinvestment Act (ARRA) has awarded Santa Ana \$38 million. The fund is utilized for housing, homeless prevention, transportation, infrastructure, safety, job training and energy programs. \$20.4 million is to provide services that create a suitable living environment and prevent individuals and families from becoming homeless. \$4.2 million is to help create jobs by encouraging business growth, as well as the establishment of workforce programs aims at dislocated workers, adults and youth. \$7.6 million is to advance the functioning of the criminal justice system, provide public safety programs and develop public safety technology. \$2.5 million is to advance regional transportation through improvements in exiting passenger infrastructure for long-term regional growth. \$3.3 million is to improve energy efficiency in transportation and infrastructure and to reduce total energy usage. The chosen energy efficiency projects are anticipated to reduce annual energy use by 795,341 kWh, with a consequent reduction in CO2e emissions of 383 tons each year. The projects are also projected to create 39.21 jobs.

**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 11-12 effective rate for Safety members and miscellaneous members was 28.848% and 18.373%, respectively.

The City of Santa Ana also provides limited post-retirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 255 (excluded Police Officers Association-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 107 through 114 as well as pages 127 and 128 in the notes to the basic financial statements and required supplementary information, respectively.

**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, 2011. The government has received this prestigious award for thirty four consecutive years. 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,



Paul M. Walters  
City Manager



Francisco Gutierrez  
Executive Director  
Finance & Management Services



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

# 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, 2011

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.



*Linda C. Dandson*

President

*Jeffrey R. Emer*

Executive Director

Directory of City Officials

June 30, 2012

---

**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*

---

**Paul M. Walters**

*City Manager*

**Sonia R. Carvalho**

*City Attorney*

**Maria D. Huizar**

*Clerk of the Council*

**Nancy Edwards**

*Interim Executive Director*

*Community Development*

**Jill Arthur**

*Executive Director*

*External Affairs*

**Francisco Gutierrez**

*Executive Director*

*Finance & Management Services Agency*

**Edward S. Raya**

*Executive Director*

*Personnel Services Agency*

**Jay M. Trevino**

*Executive Director*

*Planning & Building Agency*

**Carlos E. Rojas**

*Interim Police Chief*

*Police Department*

**Gerardo R. Mouet**

*Executive Director*

*Parks, Recreation & Community Service Agency*

**Raul Godinez**

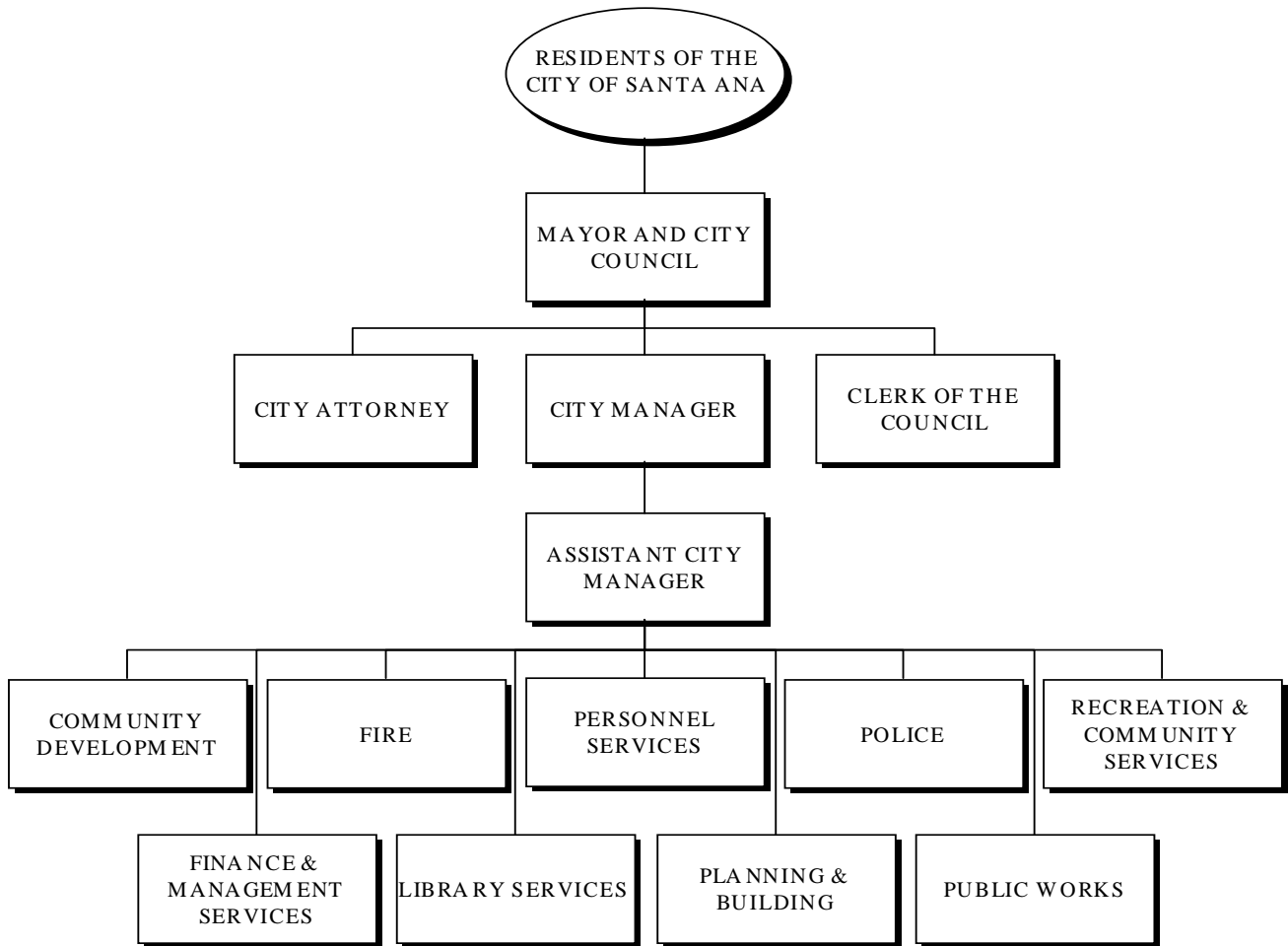
*Executive Director*

*Public Works Agency*

---

**Table of Organization**  
**Fiscal Year 2011-2012**

---







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, 2012, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, 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.

As discussed in Note 5 to the basic financial statements, the California State Legislature enacted legislation that dissolved redevelopment agencies in the State of California as of February 1, 2012. On February 1, 2012, the City, as the Successor Agency to the Santa Ana Redevelopment Agency, became responsible for overseeing the dissolution process and the wind down of redevelopment activity.

As discussed in Note 6 to the basic financial statements, the Successor Agency to the Santa Ana Redevelopment Agency is in the process of resolving the disagreements with the conclusions rendered by the State Department of Finance on the amounts due to taxing entities as noted in the Due Diligence Review for the Low and Moderate Income Housing Fund and on certain obligations listed on the Recognized Obligations Payment Schedule for the period January 1, 2013 through June 30, 2013. Due to the uncertainties surrounding the outcome of the requested meet and confer with the State Department of Finance, the ultimate outcome of these issues cannot presently be determined, and accordingly, no provision for any liability that may result has been recorded in the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules identified in the accompanying table of contents (supplementary information) and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Macias Fini & O'Connell LLP*

Newport Beach, California  
December 4, 2012

CITY OF SANTA ANA, CALIFORNIA

# **Management's Discussion and Analysis**



## Management's Discussion and Analysis

As management of the City of Santa Ana (City), we offer the readers of the City's financial statements this narrative overview and analysis of financial activities for fiscal year end June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages 1-6 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

- The City of Santa Ana's combined governmental activity and business-type activity assets exceeded its liabilities at the close of the most recent fiscal year by \$1,175,933 (net assets). Of this amount, \$59,514 is unrestricted. The City's investment in capital assets, net of related debt is \$877,414, and \$239,005 is restricted for debt service, capital projects and specific projects and programs. Overall, governmental activities total revenue remained relatively flat when compared to the prior year. The City's general revenues (a component of the general activities total revenue) decreased \$16,113 or (8.26%) from fiscal year 2010-11 primarily as a result of the dissolution of Redevelopment and the elimination of Property Tax Increment dollars. Sales tax and Hotels visitors' tax revenues increased slightly indicating a modest improvement in the economy. The City also raised fees and charges for services and experienced an increase in the demand for services. In addition to the above, the City recorded a net extraordinary gain due to the assets and liabilities transferred to the Successor Agency to the Community Redevelopment Agency (Successor Agency) in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund (in accordance with the Assembly Bills X1 26), which resulted in an increase of total net assets by \$25,440.
- As of the close of the current fiscal year, the City of Santa Ana's governmental funds reported a combined ending fund balance of \$135,638, a decrease of \$72,379 as compared to the prior fiscal year. The decrease was primarily due to the dissolution of the Community Redevelopment Agency as assets were transferred to the Successor Agency. Total fund balance (assigned and unassigned) for the general fund totaled \$23,996, representing an increase of \$13,022 (118%) when compared to the prior fiscal year. During the budget process for fiscal year 12-13, the City Council adopted a formal Reserve Policy as well as a financial plan in order to achieve and maintain adequate reserve levels. As of June 30, 2012 the unassigned fund balance is \$19,336 or 9.8% of fiscal year 12-13 budgeted operating expenditures (See Note 4H on page 115) and is designated as the City's reserve in accordance with the adopted reserve policy.
- The City experienced a net decrease in its total bonded debt and loans by \$120,138 in the fiscal year under review due to principal repayments of existing debt, and the liabilities transferred to the Successor Agency (See Note 3D on page 87 through 101).

### 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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City 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, 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. Certain blended component units, although legally separate entities are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the final seven months of the activity of 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. After the date of the dissolution, the Successor Agency activities are reported in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund, a fiduciary fund. While the Successor Agency is a blended component unit of the City, fiduciary funds are not presented in the government-wide financial statements as the resources are not available to support City programs.

The government-wide financial statements can be found on pages 34-36 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, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City of Santa Ana funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Santa Ana maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Grants Fund, Special Revenue Housing Authority Fund, Special Revenue Gas Tax Fund, Capital Projects Housing Successor Agency, Capital Projects Community Redevelopment Agency Fund, Capital Projects Street Construction, Debt Service Community Redevelopment Agency Fund and the Debt Service Santa Ana Financing Authority

Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the Supplementary information.

The City 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 such funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 43-49 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 enterprise funds account for Water, Refuse Collection, Parking, Sanitation, Regional Transportation Center, Sewer, and Federal Clean Water Protection. *Internal service funds* are utilized to accumulate and allocate costs internally among the City of Santa Ana's various functions. The City of Santa Ana's internal service funds account for, amongst others, its self insurance, equipment maintenance/replacement, and information systems. Because these services predominantly benefit governmental rather than business type functions, they have been included within *governmental activities*, in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 51-58 of this report.

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

The basic fiduciary funds financial statements can be found on page 59 to 60 and 171 to 175 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 64-118 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. Required supplementary information can be found on pages 127-128 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, enterprise funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information captioned supplementary schedules. Combining and individual fund statements and schedules can be found on pages 132-175 of this report.



**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Santa Ana, assets of the City's governmental activities exceeded liabilities by \$1,175,933 at the close of fiscal year 11-12 as compared to the net assets of \$1,065,030 in fiscal year 10-11.

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 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 351,586	\$ 422,268	\$ 49,527	\$ 47,477	\$ 401,113	\$ 469,745
Capital assets	935,381	927,234	110,200	110,123	1,045,581	1,037,357
Total assets	<u>1,286,967</u>	<u>1,349,502</u>	<u>159,727</u>	<u>157,600</u>	<u>1,446,694</u>	<u>1,507,102</u>
Long-term liabilities	211,434	363,065	22,993	24,781	234,427	387,846
Other liabilities	27,460	45,849	8,874	8,377	36,334	54,226
Total liabilities	<u>238,894</u>	<u>408,914</u>	<u>31,867</u>	<u>33,158</u>	<u>270,761</u>	<u>442,072</u>
Net assets:						
Invested in capital assets-						
net of related debt	787,634	767,746	89,780	87,551	877,414	855,297
Restricted	236,683	146,268	2,322	1,186	239,005	147,454
Unrestricted	23,756	26,574	35,758	35,705	59,514	62,279
Total net assets	<u>\$ 1,048,073</u>	<u>\$ 940,588</u>	<u>\$ 127,860</u>	<u>\$ 124,442</u>	<u>\$ 1,175,933</u>	<u>\$ 1,065,030</u>

An additional portion of the City of Santa Ana's governmental activities net assets (22.58 percent) represents resources that are subject to external restrictions on how they may be used. As of June 30, 2012 the City's governmental activities unrestricted net assets are a positive \$23,756 or 2.27 percent of net assets. The government's total net assets are increased by \$110,903 for the current fiscal year. The largest component of this increase is due primarily to the liabilities transferred to the Successor Agency in accordance with the Assembly Bills X1 26.

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 holds true for the prior fiscal year.

**Governmental activities.** Governmental activities increased the City of Santa Ana's net assets by \$107,485, thereby accounting for 96.92 percent of the total growth in net assets. Key elements related to the increase are as follows:

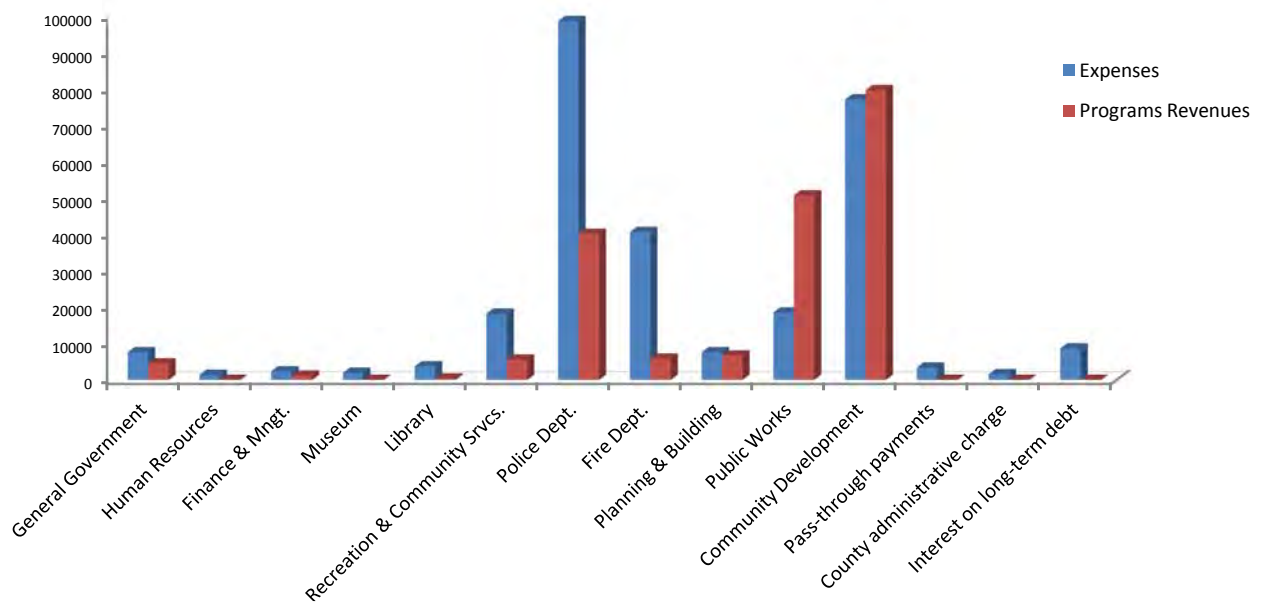
**City of Santa Ana's Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	\$ 82,965	\$ 59,552	\$ 86,460	\$ 83,937	\$ 169,425	\$ 143,489
Operating grants and contribution	75,051	87,080	666	295	75,717	87,375
Capital grants and contribution	37,001	32,910	-	-	37,001	32,910
General revenues:						
Property taxes	87,190	103,610	-	-	87,190	103,610
Sales taxes	38,744	37,409	-	-	38,744	37,409
Hotels visitor's taxes	7,024	5,970	-	-	7,024	5,970
Utility users taxes	24,367	25,327	-	-	24,367	25,327
Business taxes	10,318	10,380	-	-	10,318	10,380
Franchise taxes	7,460	7,562	-	-	7,460	7,562
Other taxes	1,401	1,176	-	-	1,401	1,176
Intergovernmental, unrestricted	466	1,934	-	-	466	1,934
Investment income	951	869	152	146	1,103	1,015
Others	863	666	-	-	863	666
<b>Total revenues</b>	<b>373,801</b>	<b>374,445</b>	<b>87,278</b>	<b>84,378</b>	<b>461,079</b>	<b>458,823</b>
Expenses:						
General government	7,607	7,751	-	-	7,607	7,751
Human resources	1,396	1,545	-	-	1,396	1,545
Finance and management services	2,361	3,037	-	-	2,361	3,037
Museum	1,949	1,954	-	-	1,949	1,954
Library	3,706	3,302	-	-	3,706	3,302
Recreation and community services	18,247	18,828	-	-	18,247	18,828
Police department	98,802	126,326	-	-	98,802	126,326
Fire department	40,712	48,198	-	-	40,712	48,198
Planning and building	7,610	7,998	-	-	7,610	7,998
Public works	18,538	23,075	-	-	18,538	23,075
Community development	77,219	58,735	-	-	77,219	58,735
Pass-through payments to districts and other agencies	3,393	12,760	-	-	3,393	12,760
County administrative charge	1,547	525	-	-	1,547	525
Interest on long-term debt	8,669	14,664	-	-	8,669	14,664
Water	-	-	49,271	45,674	49,271	45,674
Parking	-	-	2,963	2,631	2,963	2,631
Refuse	-	-	16,024	15,339	16,024	15,339
Transportaion center	-	-	1,280	1,313	1,280	1,313
Sewer	-	-	4,268	3,462	4,268	3,462
Sanitation	-	-	8,417	8,403	8,417	8,403
Federal clean water protection	-	-	1,637	2,359	1,637	2,359
<b>Total expenses</b>	<b>291,756</b>	<b>328,698</b>	<b>83,860</b>	<b>79,181</b>	<b>375,616</b>	<b>407,879</b>
Increase in net assets before extraordinary gain	82,045	45,747	3,418	5,197	85,463	50,944
Extraordinary Gain	25,440	-	-	-	25,440	-
Increase in net assets	107,485	45,747	3,418	5,197	110,903	50,944
Net assets beginning	940,588	894,841	124,442	119,245	1,065,030	1,014,086
Net assets ending	<b>\$ 1,048,073</b>	<b>\$ 940,588</b>	<b>\$ 127,860</b>	<b>\$ 124,442</b>	<b>\$ 1,175,933</b>	<b>\$ 1,065,030</b>

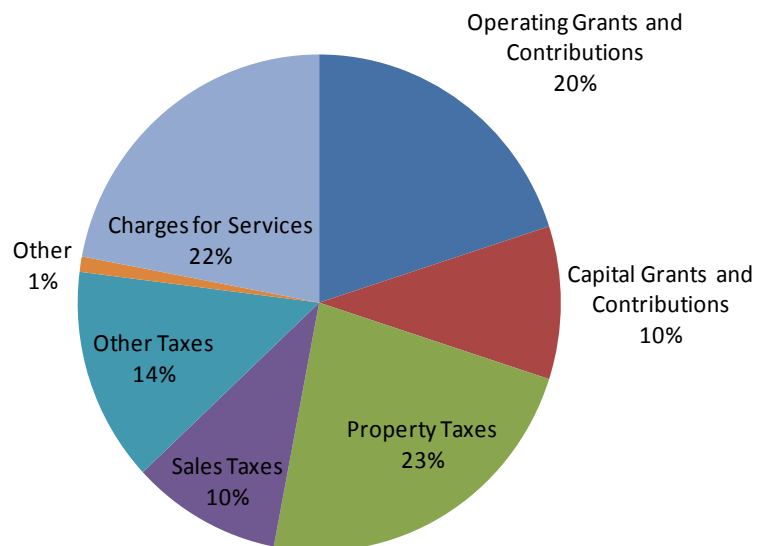
Property taxes decreased by \$16,420 (15.85 percent) during the year as the result of the dissolution of the RDA and the resulting decline in property tax revenues known as Redevelopment Tax Increment. Sales tax and Hotel Visitors' tax revenue under the governmental activities increased by \$1,335 (3.57 percent) and \$1,054 (17.65 percent) respectively showing signs of modest growth. Beside the RDA dissolution and resulting gain of \$25M, the increase in charges for services in the amount of \$23.4M resulting from the conversion of the increase of \$30M in new loans and notes receivable recorded in the Capital Projects Housing Successor Agency as deferred revenue because it does not meet the availability criterion. Operating

and capital grants and contributions for governmental activities decreased by \$7,938 (6.62 percent) primary due to a decline in Federal Community Development Block Grant awards. The total expenses in Governmental Activities decreased 11.24% as compared to fiscal year 10-11 primarily due to a reduction in staffing levels, negotiated labor concessions, outsourcing of the Fire Department, and the dissolution of RDA.

### Expenses and Program revenues - Government Activities



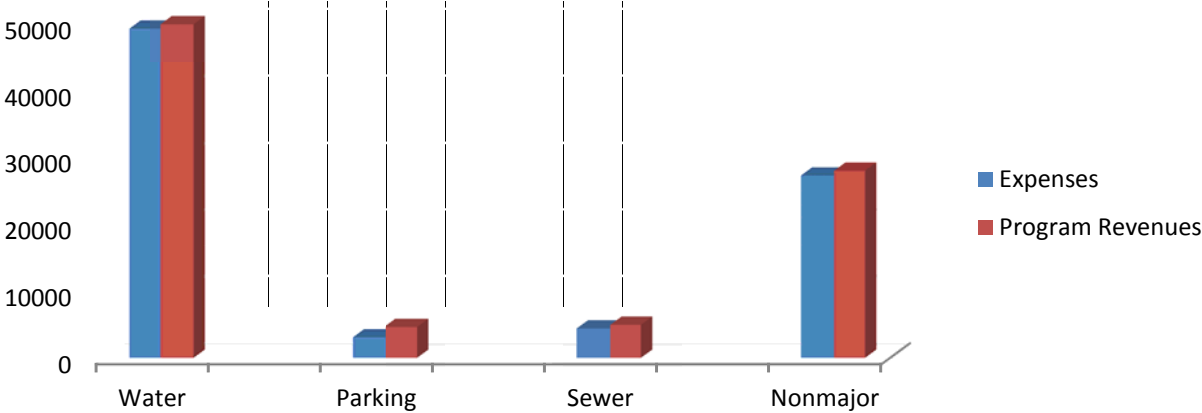
### Revenue by Source - Governmental Activities



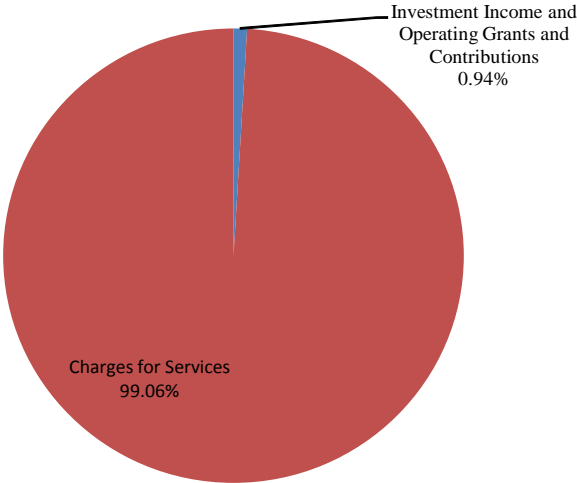
**Business-type activities.** Business-type activities increased the City of Santa Ana net assets by \$3,418, accounting for 3.08 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Charges for services in business-type activities increased by \$2,523 (3.01 percent) as compared to the prior fiscal year. The Water Enterprise accounted for an increase of \$1,699, Parking Funds accounted for an increase of \$712, and Sewer Funds accounted for an increase of \$104. The nonmajor enterprise funds accounted for an increase of \$8. The increases in charges for services revenue were primary due to the increase in services demand as well as the rate increases for services.
- Investment earnings increased by \$6 (4.11 percent) for business-type activities. The increase was due to a higher investment portfolio.
- Total expenses for business-type activities increased by \$4,679 (5.91 percent) as compared to the prior fiscal year. The increase was primarily due to the termination payout to retirees during fiscal year 2011-12.

**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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Santa Ana's governmental funds reported combined ending total fund balances of \$135,638 of which \$16,719 constitutes the *unassigned fund balance*. The remainder of the total governmental fund balance is allocated as follows: 1) \$4,661 assigned to contractual obligations and continuing projects; 2) \$3,652 for non-spendable items; and 3) \$110,606 restricted for specific spending.

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 \$23,996 (includes assigned amount of \$4,661 and unassigned amount of \$19,336) as compared to \$10,974 in fiscal year 10-11. Significant improvements in the general fund's fund balance were achieved as a result of a combination of modest improvements in the economy and well as the cost reduction strategy implemented over the past two years.

From a revenue perspective, Santa Ana's major revenue sources within the general fund continue to show signs that the economy is improving at a minimum, and experiencing modest growth. In fiscal year 11-12, sales tax and hotel visitors tax increased 3.57% and 17.65% respectively; property taxes increased 8.10% when compared to fiscal year 10-11. In addition, revenues tied to charges for services increased 6.73% and license and permits increased 3.80%.

From an expenditure reduction standpoint, the City responded to the financial challenges by implementing many cost reduction strategies which included; departmental consolidations/reorganizations, maintaining vacancies, reductions in workforce, offering retirement incentives, and achieving major concessions by renegotiating labor group agreements. In addition, on April 20, 2012, the City outsourced its fire services to the Orange County Fire Authority, which is anticipated to generate between \$8.7 to \$10 million in savings on an annual basis.

As a measure of General Fund liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. The Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures, roughly a 15 to 20 percent reserve level. The City's unassigned fund balance in the General Fund is approximately 9.81 percent of total 12-13 general fund operating expenditures.

The Special Revenue Grants' fund balance is \$5,845 in fiscal year 11-12 as compared to the fund balance of \$6,080 in fiscal year 10-11. The 3.87% decrease was due to the reduction on Federal Community Development Block Grant award.

The Special Revenue Housing Authority's fund balance is \$5,165 in fiscal year 11-12 as compared to the fund balance of \$5,231 in fiscal year 10-11. The 1.26 percent decrease was due to the reduction in administrative fee received from grant awards.

The Special Revenue Gas Tax Fund had a decrease in fund balance of \$644 in the current fiscal year. The decrease was primarily due to the spending of proceeds received from the issuance of Gas Tax Revenue Certificates of Participation for the 2007 Local Street Improvement Project.

The Capital Projects Community Redevelopment Agency fund had a fund balance decrease of \$110,150 in the current year. The decrease was due to the assets transferred to Successor Agency in the related Santa Ana Redevelopment Private-Purpose Trust Fund and the Capital Projects Housing Successor Agency fund in accordance with the Assembly Bills X1 26 and 1484.

The Capital Projects Housing Successor Agency fund had a fund balance increase of \$37,193 in the current year. The increase was due to the assets transferred from the Dissolved RDA in accordance with the Assembly Bills X1 26 and 1484.

The Capital Projects Street Construction Fund ended with a fund balance of \$20,453 in fiscal year 11-12 as compared to the fund balance of \$15,901 in fiscal year 10-11. The increase was primarily due to street projects that were carried forward into fiscal year 12-13.

The Debt Service Community Redevelopment Agency Fund had a decrease of \$14,544 in the current year. The decrease was due to the assets transfer from Dissolved RDA to the Santa Ana Redevelopment Private-Purpose Trust Fund in accordance with the Assembly Bills X1 26.

The Debt Service Santa Ana Financing Authority Fund had a decrease of \$1,642 in the current year. The decrease was primarily due to the principal and interest payments on the debt.

**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 the 11-12 fiscal year with total net assets of \$73,316 as compared to net assets of \$72,670 in fiscal year 10-11. The 0.89 percent increase was primarily due to the increase in services demand as well as a 2.02 percent rate increase.

The Parking fund ended with total net assets of \$10,970 in fiscal year 11-12 as compared to the net assets of \$9,453 in fiscal year 10-11. The increase represents the degree to which increases in ongoing revenues have outperformed similar increases in ongoing expenses.

The Sewer fund ended with total net assets of \$23,739 in fiscal year 11-12 as compared to the net assets of \$23,190 in fiscal year 10-11. The \$549 increase was primarily due to the increase in services demand as well as a 2.07 percent rate increase.

Unrestricted net assets related to business-type activities remained flat for year end as compared to \$35,705 in fiscal year 10-11.

### **General Fund Budgetary Highlights**

During the year, there was a \$4,915 increase in appropriations between the original and final amended budget. Following are the main components of the increase (decrease):

- \$4,367 to roll forward 2010-11 active purchase orders and contractual obligations into fiscal year 2011-12 budget.
- \$340 supplemental appropriation to the Planning and Building Agency in anticipation of higher than anticipated planning and building activity.

- \$75 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the fund received from the Friend of Santa Ana Zoo (FOSAZ) for zoo walkway improvement.
- \$51 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the fund received from carnival promoters for the 2012 carnival season.
- \$158 supplemental appropriation to the Public Works Agency in anticipation of the fund received from the Southern California Edison to pay for the LED street light installation.
- \$3 supplemental appropriation to the Police department in anticipation of the donation received from Target Store and Caribou Industries for “National Night Out” event and Major Crime Scene conversion vehicle upgrades.
- \$49 supplemental appropriation to the Police department in anticipation of Prop 69 funding for the cost of DNA collections
- \$61 supplemental appropriations to the Police department in anticipation of funds received from California Endowment Fund.

By year end, General Fund revenues amounted to \$201,585 which is approximately \$7,002 (or 3.6%) higher than originally budgeted. The increases were primarily due to favorable variances in the following revenues: sales tax \$1,335, hotels visitors’ tax \$1,054, charges for services \$627, cost recovery \$1,558. Overall, the favorable variances are indicative of a modest economic recovery. The General Fund expenditures were less than budgeted. However, unfavorable expenditures variances primarily were attributed to Fire, and Public Works. The unfavorable variances were due to unforeseen circumstances mentioned on the required supplementary information page 126.

**Capital Asset and Debt Administration**

**Capital assets.** The City of Santa Ana’s investment in capital assets for its governmental and business-type activities was \$1,045,581 (net of accumulated depreciation) as of June 30, 2012. 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 Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 12,399	\$ 13,104	\$ 7,987	\$ 7,987	\$ 20,386	\$ 21,091
Rights of way	427,119	427,119	-	-	427,119	427,119
Street trees	7,031	7,031	-	-	7,031	7,031
Construction in progress	150,418	134,804	11,616	8,207	162,034	143,011
Building	86,350	92,291	2,778	2,996	89,128	95,287
Improvements	34,471	37,027	71,918	74,676	106,389	111,703
Equipment	9,310	10,524	4,458	4,385	13,768	14,909
Infrastructure	200,980	204,108	11,192	11,607	212,172	215,715
Intangible	6,140	-	251	265	6,391	265
Library materials	1,163	1,226	-	-	1,163	1,226
<b>Total</b>	<b>\$ 935,381</b>	<b>\$ 927,234</b>	<b>\$ 110,200</b>	<b>\$ 110,123</b>	<b>\$ 1,045,581</b>	<b>\$ 1,037,357</b>

At the end of the current fiscal year, the City’s total assets increased by \$8,224 (0.79 percent). The increase is primarily due to the city-wide local streets improvement projects and Water Main improvements. Additional information on the City of Santa Ana’s capital assets can be found in Note 3B on pages 81-83 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 \$173,652. Of this amount, \$78,451 comprises debt backed by the full faith and credit of the government, \$90,935 represents bonds secured solely by specified revenue sources, \$1,565 in capitalized lease obligations and \$2,701 in long-term loans.

<b>City of Santa Ana</b>						
Long-term Bonded Debt and Loans						
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Tax allocation bonds	\$ -	\$ 84,275	\$ -	\$ -	\$ -	\$ 84,275
Tax allocation refunding bond	-	20,960	-	-	-	20,960
Capital leases	1,565	2,930	-	-	1,565	2,930
Certificates-of-participation	74,510	76,045	-	-	74,510	76,045
Revenue bonds	76,370	80,740	14,565	15,420	90,935	96,160
Long-term loans and notes	1,709	7,634	992	1,153	2,701	8,787
Refunding certificates of participation	-	-	5,480	6,695	5,480	6,695
Less: Deferred amounts	(489)	(2,307)	(1,226)	(1,395)	(1,715)	(3,702)
Bond discounts	(910)	(1,301)	-	-	(910)	(1,301)
Add: Bond premium	477	2,242	609	699	1,086	2,941
<b>Total</b>	<b>\$ 153,232</b>	<b>\$ 271,218</b>	<b>\$ 20,420</b>	<b>\$ 22,572</b>	<b>\$ 173,652</b>	<b>\$ 293,790</b>

At the end of the current fiscal year, Governmental Activities long-term debt decreased by (\$117,986) and Long-term debt associated with Business-type Activities decreased (\$2,152) due to the liabilities transferred to the Successor Agency to the Santa Ana Redevelopment Private-Purpose Trust Fund in accordance with the Assembly Bills X1 26 and principal repayment of existing debt. Additional information on the City of Santa Ana's long-term debt can be found in Note 3D on pages 87 through 101.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City of Santa Ana is 2.5% (\$502,522). During the current fiscal year, total fund balance in the General Fund was \$23,996 (includes assigned amount of \$4,661 and unassigned amount of \$19,336). The assigned fund balance is of \$4,661 is committed to contractual obligations or assigned to continuing projects and incorporated into the 2012-2013 fiscal year.

In April, 2011 Standard & Poor's upgraded Santa Ana's California series 2007 Gas Tax Revenue Certificates of Participation (COPs) from A- to A. However, on December 19, 2011, Moody's Investors Services downgraded the City's Gas Tax Revenue Certificate of Participation to Baa2. Moody's Investors Services also downgraded the Police Lease Revenue Bonds to Baa2 and the City Hall Expansion Project from an A2 to Baa1 with possible further review. The City, however, has requested a review from Moody's for a possible upgrade based on the City's positive outlook.

On June 14, 2012 Moody's Investors Services downgraded the 2003 Tax Allocation Bonds Series A, and 2003 Tax Allocation Refunding Bonds Series B at Ba1 and possible review again for downgrading. However, on September 12, 2012 Standard & Poor's reported the 2003 Tax Allocation Bonds Series A, 2011 Tax Allocation Bonds Series A and 2003 Tax Allocation Refunding Bonds Series B are stable at the rating A.



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

- The economy is showing signs of modest growth, which is reflected, in overall General Fund revenue exceeding budget by 3.6%.
- General Fund expenditures came in less than budgeted. The outsourcing fire and related services will continue to generate saving and impact next year's budget in a positive manner.
- There is a general expectation that the City's unemployment rate will continue to improve given the City's positive sales tax, hotel visitor's tax and business license revenue trends.

The City will continue to build upon its budget and financial policies to ensure future fiscal sustainability. In addition, the City will continue to carry out a work plan to ensure that all financial internal processes undergo an independent assessment as it moves towards financial stability.

**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

# **Basic Financial Statements**



CITY OF SANTA ANA, CALIFORNIA

# **Government - wide Financial Statements**



**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments (Note 3A)	\$ 181,510,177	34,577,482	\$ 216,087,659
Receivables (net of allowance for uncollectibles):			
Taxes	8,362,705	11,233	8,373,938
Interest	229,694	23,619	253,313
Accounts	452,196	14,305,281	14,757,477
Allowance for uncollectible accounts	-	(315,206)	(315,206)
Intergovernmental	12,842,335	182,505	13,024,840
Loans and notes (Note 3E)	106,965,485	-	106,965,485
Advance to Successor Agency to the Santa Ana Redevelopment Agency	5,568,314	-	5,568,314
Inventory of supplies	832,766	-	832,766
Restricted assets:			
Cash and investments (Note 3A)	8,847,711	742,148	9,589,859
Cash and investments with fiscal agents (Note 3A)	9,254,849	187	9,255,036
Land held for resale	15,067,928	-	15,067,928
Capital assets, undepreciated (Note 3B)	596,966,380	19,603,122	616,569,502
Capital assets, net of accumulated depreciation (Note 3B)	338,414,263	90,596,822	429,011,085
Deferred issuance costs, net	1,652,599	-	1,652,599
Total assets	<u>1,286,967,402</u>	<u>159,727,193</u>	<u>1,446,694,595</u>
<b>Liabilities:</b>			
Accounts payable	13,227,067	7,244,368	20,471,435
Interest payable	1,544,951	249,015	1,793,966
Retention payable	373,887	11,585	385,472
Customer's deposits	552,923	1,369,233	1,922,156
Unearned revenue	11,761,031	-	11,761,031
Non current liabilities- due within one year (Note 3D)	21,702,433	2,781,711	24,484,144
Non current liabilities- due over one year (Note 3D)	178,410,628	18,957,456	197,368,084
Postemployment benefits obligation (Note 4F)	11,321,133	1,254,214	12,575,347
Total liabilities	<u>238,894,053</u>	<u>31,867,582</u>	<u>270,761,635</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	787,633,699	89,779,813	877,413,512
Restricted for:			
Debt service	9,365,235	-	9,365,235
Capital projects	11,030,923	-	11,030,923
National pollution discharge elimination system	-	2,322,032	2,322,032
Special revenue grants	55,703,532	-	55,703,532
Special revenue housing authority projects	104,444,559	-	104,444,559
Local street improvements	56,139,529	-	56,139,529
Unrestricted	23,755,872	35,757,766	59,513,638
Total net assets	<u>\$ 1,048,073,349</u>	<u>127,859,611</u>	<u>\$ 1,175,932,960</u>

See accompanying Notes to the Basic Financial Statements.

**Statement of Activities**  
**Year ended June 30, 2012**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,606,832	4,513,289	-	-
Human resources	1,395,904	-	-	-
Finance and management services	2,361,462	1,174,209	-	-
Museum	1,949,067	-	-	-
Library	3,706,328	108,952	282,312	-
Recreation and community services	18,246,381	2,978,569	2,331,423	257,098
Police department	98,801,858	23,007,530	17,192,704	-
Fire department	40,712,160	4,546,485	1,307,096	-
Planning and building	7,609,508	6,304,642	409,810	-
Public works	18,538,230	12,328,483	1,740,041	36,744,181
Community development	77,218,806	28,003,101	51,787,593	-
Pass-through payments to districts and other agencies	3,392,679	-	-	-
County administrative charge	1,547,452	-	-	-
Interest on long-term debt	8,669,175	-	-	-
<b>Total governmental activities</b>	<b>\$ 291,755,842</b>	<b>82,965,260</b>	<b>75,050,979</b>	<b>37,001,279</b>
Business-type activities:				
Water	49,270,605	49,481,988	390,077	-
Parking	2,962,757	4,445,350	-	-
Refuse collections	16,023,857	16,260,812	276,044	-
Transportation center	1,279,889	788,683	-	-
Sewer	4,268,424	4,782,913	-	-
Sanitation	8,417,228	7,967,427	-	-
Federal clean water protection	1,637,238	2,732,779	-	-
<b>Total business-type activities</b>	<b>83,859,998</b>	<b>86,459,952</b>	<b>666,121</b>	<b>-</b>
<b>Total</b>	<b>\$ 375,615,840</b>	<b>169,425,212</b>	<b>75,717,100</b>	<b>37,001,279</b>

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

Extraordinary gain

Change in net assets

Net assets - beginning

Net assets - ending

See accompanying Notes to the Basic Financial Statements.

**STATEMENT OF ACTIVITIES**

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (3,093,543)	\$ -	\$ (3,093,543)
(1,395,904)	-	(1,395,904)
(1,187,253)	-	(1,187,253)
(1,949,067)	-	(1,949,067)
(3,315,064)	-	(3,315,064)
(12,679,291)	-	(12,679,291)
(58,601,624)	-	(58,601,624)
(34,858,579)	-	(34,858,579)
(895,056)	-	(895,056)
32,274,475	-	32,274,475
2,571,888	-	2,571,888
(3,392,679)	-	(3,392,679)
(1,547,452)	-	(1,547,452)
(8,669,175)	-	(8,669,175)
\$ (96,738,324)	\$ -	\$ (96,738,324)
-	601,460	601,460
-	1,482,593	1,482,593
-	512,999	512,999
-	(491,206)	(491,206)
-	514,489	514,489
-	(449,801)	(449,801)
-	1,095,541	1,095,541
-	3,266,075	3,266,075
\$ (96,738,324)	\$ 3,266,075	\$ (93,472,249)
87,189,459	-	87,189,459
38,743,685	-	38,743,685
7,024,418	-	7,024,418
24,367,330	-	24,367,330
10,317,438	-	10,317,438
7,459,992	-	7,459,992
1,400,548	-	1,400,548
466,278	-	466,278
951,224	151,543	1,102,767
863,084	-	863,084
178,783,456	151,543	178,934,999
25,440,469	-	25,440,469
107,485,601	3,417,618	110,903,219
940,587,748	124,441,993	1,065,029,741
\$ 1,048,073,349	\$ 127,859,611	\$ 1,175,932,960



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 projects not being financed by proprietary funds. The following Capital Projects Funds have been classified as major funds 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.

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

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.



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report

CITY OF SANTA ANA

**Balance Sheet  
Governmental Funds  
June 30, 2012**

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
<b>Assets</b>				
Cash and investments (Note 3A)	\$ 24,408,657	5,141,919	5,280,848	9,564,542
Receivables (net of allowance for uncollectibles):				
Taxes	8,360,327	2,378	-	-
Interest	17,402	461	2,380	9,119
Accounts	421,389	22	20,784	-
Intergovernmental	2,963,860	5,295,161	-	973,098
Loans and notes (Note 3E)	-	44,879,014	-	-
Advance to other funds (Note 3C)	-	-	-	-
Restricted assets:				
Cash and investments (Note 3A)	-	-	-	8,549,509
Cash and investments with fiscal agents (Note 3A)	170,886	15,484	201,392	4,212,788
Land held for resale	-	-	-	-
Total assets	<u>\$ 36,342,521</u>	<u>55,334,439</u>	<u>5,505,404</u>	<u>23,309,056</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 3,136,704	2,732,195	117,979	276,123
Interest payable	27,418	-	-	-
Retention payable	3,510	72,566	-	-
Due to other funds (Note 3C)	-	-	-	-
Due to other governmental agencies	-	-	-	-
Deferred revenues	5,707,811	46,684,217	222,176	-
Deposits	330,747	-	-	-
Advances payable to other funds (Note 3C)	3,140,000	-	-	-
Total liabilities	<u>12,346,190</u>	<u>49,488,978</u>	<u>340,155</u>	<u>276,123</u>
Fund balances (deficit):				
Nonspendable:				
Surplus property from street projects	-	-	-	-
Restricted for:				
Community development	-	567,528	5,165,249	-
Debt service	-	-	-	-
Public safety	-	6,176,749	-	-
Street projects	-	-	-	23,032,933
Drainage construction	-	-	-	-
Other capital projects	-	-	-	-
Cultural recreation and community services	-	495,266	-	-
Land held for resale	-	-	-	-
Advance to private-purpose trust fund	-	-	-	-
Assigned to:				
Contractual obligations	1,807,902	-	-	-
Continuing projects	2,852,860	-	-	-
Unassigned: (Note 4H)	19,335,569	(1,394,082)	-	-
Total fund balances	<u>23,996,331</u>	<u>5,845,461</u>	<u>5,165,249</u>	<u>23,032,933</u>
Total liabilities and fund balances	<u>\$ 36,342,521</u>	<u>55,334,439</u>	<u>5,505,404</u>	<u>23,309,056</u>

See accompanying Notes to the Basic Financial Statements.

**GOVERNMENTAL FUNDS**

Capital Projects Community Redevelopment Agency	Capital Projects Housing Successor Agency	Capital Projects Street Construction	Debt Service Community Redevelopment Agency	Debt Service SAFA	Nonmajor Governmental Funds	Total
-	21,352,740	25,567,371	-	535,835	16,064,072	\$ 107,915,984
-	-	-	-	-	-	8,362,705
-	17,457	9,538	-	2,657	7,219	66,233
-	1	-	-	-	-	442,196
-	-	1,533,128	-	-	2,077,088	12,842,335
-	62,086,471	-	-	-	-	106,965,485
-	5,568,314	-	-	-	-	5,568,314
-	-	-	-	-	-	8,549,509
-	40,344	-	-	4,613,955	-	9,254,849
-	11,416,178	3,651,750	-	-	-	15,067,928
-	100,481,505	30,761,787	-	5,152,447	18,148,379	\$ 275,035,538
-	1,202,195	4,399,244	-	2,250	458,920	\$ 12,325,610
-	-	-	-	-	-	27,418
-	-	256,666	-	-	41,145	373,887
-	-	-	-	-	1,460,335	1,460,335
-	-	-	-	-	-	-
-	62,086,471	5,652,561	-	-	1,385,947	121,739,183
-	-	-	-	-	-	330,747
-	-	-	-	-	-	3,140,000
-	63,288,666	10,308,471	-	2,250	3,346,347	139,397,180
-	-	3,651,750	-	-	-	3,651,750
-	20,208,347	-	-	-	945,988	26,887,112
-	-	-	-	5,150,197	-	5,150,197
-	-	-	-	-	244,591	6,421,340
-	-	16,801,566	-	-	-	39,834,499
-	-	-	-	-	4,792,400	4,792,400
-	-	-	-	-	5,988,237	5,988,237
-	-	-	-	-	4,052,857	4,548,123
-	11,416,178	-	-	-	-	11,416,178
-	5,568,314	-	-	-	-	5,568,314
-	-	-	-	-	-	1,807,902
-	-	-	-	-	-	2,852,860
-	-	-	-	-	(1,222,041)	16,719,446
-	37,192,839	20,453,316	-	5,150,197	14,802,032	135,638,358
-	100,481,505	30,761,787	-	5,152,447	18,148,379	\$ 275,035,538



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, 2012**

---

Fund balances of governmental funds		\$ 135,638,358
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.		924,803,917
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	(161,305,882)	
Compensated absences	<u>(17,781,570)</u>	(179,087,452)
Deferred issuance costs are amortized over the maturity of the debt on the statement of net assets.		1,652,599
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.		(1,517,533)
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental fund		109,848,209
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>56,735,251</u>
Net assets of governmental activities		<u>\$ 1,048,073,349</u>

See accompanying Notes to the Basic Financial Statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2012**

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
<b>Revenues:</b>				
Taxes	\$ 145,185,837	-	-	-
License and permits	3,934,011	-	-	-
Intergovernmental	2,206,206	38,088,158	30,569,336	9,917,799
Charges for services	9,940,600	13,350	-	-
Fines and forfeits	6,930,479	-	-	-
Investment income	230,055	42,760	36,541	110,130
Gain on sale of land held for resale	-	-	-	-
Cost recoveries	18,124,173	250	-	112
Rental income	14,742,003	-	-	-
Miscellaneous	291,564	1,146,036	538,091	-
Total revenues	<u>201,584,928</u>	<u>39,290,554</u>	<u>31,143,968</u>	<u>10,028,041</u>
<b>Expenditures:</b>				
Current:				
General government	5,985,330	-	-	-
Human resources	1,294,660	-	-	-
Finance and management services	2,673,388	-	-	-
Museum	1,513,418	-	-	-
Library	2,614,648	674,617	-	-
Recreation and community services	13,151,254	649,590	-	-
Police department	102,097,720	12,724,564	-	-
Fire department	52,438,287	568,363	-	-
Planning and building	6,769,618	1,253,612	-	-
Public works	5,213,933	-	-	1,865,073
Community development	241,013	17,001,074	31,209,954	-
Pass-through payments to districts and other agencies	-	3,346,522	-	-
County administrative charge	-	-	-	-
Loss on sale of land held for resale	-	-	-	-
Capital Outlay	-	3,306,739	-	-
Debt Service:				
Principal retirement	1,025,648	-	-	1,170,000
Interest and fiscal charges	786,945	-	-	3,014,382
Total expenditures	<u>195,805,862</u>	<u>39,525,081</u>	<u>31,209,954</u>	<u>6,049,455</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,779,066</u>	<u>(234,527)</u>	<u>(65,986)</u>	<u>3,978,586</u>
<b>Other financing sources (uses):</b>				
Transfers in (Note 3C)	18,047,660	-	-	-
Transfers out (Note 3C)	<u>(10,804,413)</u>	<u>-</u>	<u>-</u>	<u>(4,622,575)</u>
Total other financing sources (uses)	<u>7,243,247</u>	<u>-</u>	<u>-</u>	<u>(4,622,575)</u>
Extraordinary loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13,022,313	(234,527)	(65,986)	(643,989)
Fund balances (deficit) - beginning	<u>10,974,018</u>	<u>6,079,988</u>	<u>5,231,235</u>	<u>23,676,922</u>
Fund balances (deficit) - ending	<u>\$ 23,996,331</u>	<u>5,845,461</u>	<u>5,165,249</u>	<u>23,032,933</u>

See accompanying Notes to the Basic Financial Statements.



**GOVERNMENTAL FUNDS**

Capital Projects Community Redevelopment Agency	Capital Projects Housing Successor Agency	Capital Projects Street Construction	Debt Service Community Redevelopment Agency	Debt Service SAFA	Nonmajor Governmental Funds	Total
-	-	336,133	30,785,112	-	195,789	\$ 176,502,871
-	-	13,921	-	-	-	3,947,932
-	-	24,042,530	-	-	3,814,274	108,638,303
-	-	127,379	-	-	939,482	11,020,811
-	-	-	-	-	-	6,930,479
273,641	129,508	164,860	60,029	10,786	105,128	1,163,438
272,860	-	-	-	-	-	272,860
280,961	-	174,443	-	-	843,119	19,423,058
139,349	-	147,272	-	-	-	15,028,624
344,581	95,181	-	-	-	117,175	2,532,628
<u>1,311,392</u>	<u>224,689</u>	<u>25,006,538</u>	<u>30,845,141</u>	<u>10,786</u>	<u>6,014,967</u>	<u>345,461,004</u>
-	-	-	-	-	-	5,985,330
-	-	-	-	-	201,406	1,496,066
-	-	-	-	-	-	2,673,388
-	-	-	-	-	-	1,513,418
-	-	-	-	-	-	3,289,265
-	-	-	-	-	2,534,308	16,335,152
-	-	-	-	-	1,675,032	116,497,316
-	-	-	-	-	-	53,006,650
-	-	-	-	-	123,383	8,146,613
-	-	212,055	-	-	137,429	7,428,490
6,649,181	8,467,799	-	158,920	-	235,790	63,963,731
-	-	-	46,157	-	-	3,392,679
1,547,452	-	-	-	-	-	1,547,452
-	13,209,999	-	-	-	-	13,209,999
331,260	-	24,854,539	-	-	1,574,896	30,067,434
-	-	-	2,435,000	4,370,000	-	9,000,648
-	-	-	3,313,875	4,824,560	-	11,939,762
<u>8,527,893</u>	<u>21,677,798</u>	<u>25,066,594</u>	<u>5,953,952</u>	<u>9,194,560</u>	<u>6,482,244</u>	<u>349,493,393</u>
<u>(7,216,501)</u>	<u>(21,453,109)</u>	<u>(60,056)</u>	<u>24,891,189</u>	<u>(9,183,774)</u>	<u>(467,277)</u>	<u>(4,032,389)</u>
14,242,834	58,645,948	4,612,575	-	7,542,183	600,000	103,691,200
(58,645,948)	-	-	(16,076,122)	-	-	(90,149,058)
<u>(44,403,114)</u>	<u>58,645,948</u>	<u>4,612,575</u>	<u>(16,076,122)</u>	<u>7,542,183</u>	<u>600,000</u>	<u>13,542,142</u>
<u>(58,530,006)</u>	<u>-</u>	<u>-</u>	<u>(23,358,805)</u>	<u>-</u>	<u>-</u>	<u>(81,888,811)</u>
(110,149,621)	37,192,839	4,552,519	(14,543,738)	(1,641,591)	132,723	(72,379,058)
<u>110,149,621</u>	<u>-</u>	<u>15,900,797</u>	<u>14,543,738</u>	<u>6,791,788</u>	<u>14,669,309</u>	<u>208,017,416</u>
<u>-</u>	<u>37,192,839</u>	<u>20,453,316</u>	<u>-</u>	<u>5,150,197</u>	<u>14,802,032</u>	<u>\$ 135,638,358</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, 2012**

---

Net change in fund balances-total governmental funds \$ (72,379,058)

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	30,067,434	
Depreciation expense	(20,103,456)	
Net of deletion	<u>(157,265)</u>	9,806,713

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund. 28,284,958

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. 28,916,991

Accrued interest for long term liabilities including bonds payable. This is the net change in accrued interest for the current period. 3,210,971

The increase in the OPEB obligation is reported in the statement of activities but does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds. 15,970,077

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. (13,654,331)

Adjustment to the extraordinary gain due to assets and liabilities are transferred to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund 107,329,280

Change in net assets with governmental activities \$ 107,485,601

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.

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

CITY OF SANTA ANA

**Statement of Net Assets  
Proprietary Funds  
June 30, 2012**

	Water	Parking
<b>Assets:</b>		
Current assets:		
Cash and investments (Note 3A)	\$ 18,149,170	4,936,271
Receivables:		
Taxes	-	-
Accounts	10,026,379	69,254
Allowance for uncollectible accounts	(258,266)	-
Intergovernmental	-	-
Interest	8,904	4,339
Due from other funds	-	-
Inventory of supplies	-	-
Total current assets	<u>27,926,187</u>	<u>5,009,864</u>
Noncurrent assets:		
Advances to other funds (Note 3C)	-	-
Restricted cash and investments (Note 3A)	742,148	-
Cash and investments with fiscal agent (Note 3A)	186	1
Capital assets (Note 3B):		
Land	603,545	3,591,049
Buildings	223,583	-
Improvements other than buildings	110,015,563	-
Equipment	13,644,546	360,909
Parking structures	-	14,748,556
Construction work in progress	9,432,975	-
Other assets	278,589	-
Less accumulated depreciation	(65,218,063)	(7,262,561)
Total capital assets (net of accumulated depreciation)	<u>68,980,738</u>	<u>11,437,953</u>
Total noncurrent assets	<u>69,723,072</u>	<u>11,437,954</u>
Total assets	<u>97,649,259</u>	<u>16,447,818</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	6,618,177	43,377
Retention payable	-	11,585
Compensated absences payable (current portion) (Note 3D)	131,475	11,657
Notes payable (current portion) (Note 3D)	166,951	-
Interest payable	227,522	21,493
Deposits payable	1,358,233	-
Claims payable (current portion) (Note 3D)	-	-
Capital lease payable (current portion) (Note 3D)	-	-
Revenue bonds payable (current portion) (Note 3D)	880,000	-
Certificates of participation payable (current portion) (Note 3D)	-	1,405,000
Total current liabilities	<u>9,382,358</u>	<u>1,493,112</u>
Noncurrent liabilities:		
Compensated absences payable	394,423	34,970
Notes payable	825,151	-
Claims payable	-	-
Postemployment benefits obligation	482,687	54,664
Revenue bonds payable, net of deferred amounts	13,248,209	-
Certificate of participation payable, net of deferred amounts	-	3,894,820
Total noncurrent liabilities	<u>14,950,470</u>	<u>3,984,454</u>
Total liabilities	<u>24,332,828</u>	<u>5,477,566</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	53,860,427	6,138,133
Restricted for:		
National pollution discharge elimination system	-	-
Unrestricted	19,456,004	4,832,119
Total net assets	<u>\$ 73,316,431</u>	<u>10,970,252</u>

See accompanying Notes to the Basic Financial Statements.

**PROPRIETARY FUNDS**

		Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Sewer	Nonmajor	Total		
\$ 5,344,213	\$ 6,147,828	\$ 34,577,482	\$ 73,594,193	
-	11,233	11,233	-	
826,923	3,382,725	14,305,281	10,000	
(24,132)	(32,808)	(315,206)	-	
-	182,505	182,505	-	
4,772	5,604	23,619	71,228	
-	-	-	1,460,335	
-	-	-	832,766	
<u>6,151,776</u>	<u>9,697,087</u>	<u>48,784,914</u>	<u>75,968,522</u>	
-	-	-	3,140,000	
-	-	742,148	298,202	
-	-	187	-	
-	3,792,491	7,987,085	-	
-	8,607,909	8,831,492	-	
37,336,292	4,009,534	151,361,389	859,017	
34,393	51,630	14,091,478	32,566,910	
-	4,817,296	19,565,852	-	
2,106,112	76,950	11,616,037	-	
-	-	278,589	6,244,193	
<u>(21,253,370)</u>	<u>(9,797,984)</u>	<u>(103,531,978)</u>	<u>(29,093,394)</u>	
<u>18,223,427</u>	<u>11,557,826</u>	<u>110,199,944</u>	<u>10,576,726</u>	
<u>18,223,427</u>	<u>11,557,826</u>	<u>110,942,279</u>	<u>14,014,928</u>	
<u>24,375,203</u>	<u>21,254,913</u>	<u>159,727,193</u>	<u>89,983,450</u>	
269,393	313,421	7,244,368	901,457	
-	-	11,585	-	
46,721	139,907	329,760	450,448	
-	-	166,951	-	
-	-	249,015	-	
-	11,000	1,369,233	-	
-	-	-	7,725,000	
-	-	-	1,074,235	
-	-	880,000	-	
-	-	1,405,000	-	
<u>316,114</u>	<u>464,328</u>	<u>11,655,912</u>	<u>10,151,140</u>	
140,164	419,719	989,276	1,351,337	
-	-	825,151	-	
-	-	-	19,572,489	
179,845	537,018	1,254,214	2,173,233	
-	-	13,248,209	-	
-	-	3,894,820	-	
<u>320,009</u>	<u>956,737</u>	<u>20,211,670</u>	<u>23,097,059</u>	
<u>636,123</u>	<u>1,421,065</u>	<u>31,867,582</u>	<u>33,248,199</u>	
18,223,427	11,557,826	89,779,813	9,502,490	
-	2,322,032	2,322,032	-	
5,515,653	5,953,990	35,757,766	47,232,761	
<u>\$ 23,739,080</u>	<u>\$ 19,833,848</u>	<u>\$ 127,859,611</u>	<u>\$ 56,735,251</u>	

---

**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year ended June 30, 2012**


---

	<u>Water</u>	<u>Parking</u>	<u>Sewer</u>
Operating revenues:			
Charges for services	\$ 49,027,532	4,062,355	4,782,413
Miscellaneous	454,456	382,995	500
Total operating revenues	<u>49,481,988</u>	<u>4,445,350</u>	<u>4,782,913</u>
Operating expenses:			
Cost of goods sold	-	-	-
Personal services	4,482,518	661,466	1,512,939
Contractual services	11,506,262	1,360,128	966,407
Materials and supplies	13,653,137	13,577	749,571
Other services and charges	16,555,311	243,084	536,417
Administration	-	-	-
Insurance	-	-	-
Provision for self-insured losses	-	-	-
Depreciation	2,346,182	325,857	503,090
Total operating expenses	<u>48,543,410</u>	<u>2,604,112</u>	<u>4,268,424</u>
Operating income (loss)	<u>938,578</u>	<u>1,841,238</u>	<u>514,489</u>
Nonoperating revenues (expenses):			
Intergovernmental	390,077	-	-
Net (decrease) in the fair value of investment	(4,999)	-	-
Investment earnings	49,499	34,503	34,947
Interest expense	(727,195)	(358,645)	-
Total nonoperating revenues (expenses)	<u>(292,618)</u>	<u>(324,142)</u>	<u>34,947</u>
Income (loss) before transfers	<u>645,960</u>	<u>1,517,096</u>	<u>549,436</u>
Transfers in (Note 3C)	-	-	-
Transfers out (Note 3C)	-	-	-
Change in net assets	645,960	1,517,096	549,436
Net assets - beginning	<u>72,670,471</u>	<u>9,453,156</u>	<u>23,189,644</u>
Net assets - ending	<u>\$ 73,316,431</u>	<u>10,970,252</u>	<u>23,739,080</u>

See accompanying Notes to the Basic Financial Statements.

**PROPRIETARY FUNDS**

Nonmajor	Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
	Total		
21,041,195	\$	78,913,495	\$ 65,944,677
6,708,506		7,546,457	4,052,940
<u>27,749,701</u>		<u>86,459,952</u>	<u>69,997,617</u>
-		-	1,868,474
4,771,863		11,428,786	14,484,866
10,745,205		24,578,002	7,438,169
108,879		14,525,164	3,012,399
11,277,558		28,612,370	3,898,285
-		-	6,357,933
-		-	20,020,112
-		-	11,844,383
454,707		3,629,836	1,662,266
<u>27,358,212</u>		<u>82,774,158</u>	<u>70,586,887</u>
391,489		3,685,794	(589,270)
276,044		666,121	-
-		(4,999)	(15,139)
37,593		156,542	547,232
-		(1,085,840)	(55,012)
<u>313,637</u>		<u>(268,176)</u>	<u>477,081</u>
705,126		3,417,618	(112,189)
-		-	2,672,230
-		-	(16,214,372)
705,126		3,417,618	(13,654,331)
19,128,722		124,441,993	70,389,582
<u>19,833,848</u>	\$	<u>127,859,611</u>	\$ <u>56,735,251</u>

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2012**

	<u>Water</u>	<u>Parking</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 48,219,664	3,993,101
Receipts from interfund services provided	-	-
Receipts from other operating sources	454,456	382,995
Payments to suppliers for goods and services	(41,061,214)	(1,602,784)
Payments from interfund services used	-	-
Payments to employees	<u>(4,314,051)</u>	<u>(639,841)</u>
Net cash provided by operating activities	<u>3,298,855</u>	<u>2,133,471</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfer in	-	-
Transfer out	-	-
Repayment of advances from other funds	2,000,000	-
Subsidy from federal grant	<u>390,077</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>2,390,077</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital contribution	-	-
Acquisition of capital assets	(2,559,796)	-
Retirement of long-term liabilities	(982,311)	(1,215,000)
Interest paid	<u>(737,031)</u>	<u>(318,662)</u>
Net cash provided by (used for) capital and related financing activities	<u>(4,279,138)</u>	<u>(1,533,662)</u>
<b>Cash flows from investing activities:</b>		
Interest received	57,459	37,579
Net (decrease) in the fair value of investment	<u>(4,999)</u>	<u>-</u>
Net cash provided by investing activities	<u>52,460</u>	<u>37,579</u>
Net increase (decrease) in cash and cash equivalents	1,462,254	637,388
Cash and cash equivalents - beginning	<u>17,429,250</u>	<u>4,298,884</u>
Cash and cash equivalents - ending (Includes restricted assets)	<u>\$ 18,891,504</u>	<u>4,936,272</u>

See accompanying Notes to the Basic Financial Statements.



PROPRIETARY FUNDS

Page 2 of 4

Sewer	Nonmajor	Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
		Totals		
4,246,496	20,699,556	\$ 77,158,817	\$ -	
-	-	-	65,944,677	
-	6,642,386	7,479,837	4,052,940	
(1,662,664)	(22,150,191)	(66,476,853)	(47,683,023)	
-	-	-	(2,250,798)	
(1,445,500)	(4,664,646)	(11,064,038)	(16,151,410)	
<u>1,138,332</u>	<u>527,105</u>	<u>7,097,763</u>	<u>3,912,386</u>	
-	-	-	2,672,230	
-	-	-	(16,214,372)	
-	-	2,000,000	-	
-	276,044	666,121	-	
<u>-</u>	<u>276,044</u>	<u>2,666,121</u>	<u>(13,542,142)</u>	
-	-	-	-	
(1,069,848)	(76,950)	(3,706,594)	(1,052,959)	
-	-	(2,197,311)	(1,043,130)	
-	-	(1,055,693)	(55,012)	
<u>(1,069,848)</u>	<u>(76,950)</u>	<u>(6,959,598)</u>	<u>(2,151,101)</u>	
74,424	40,114	209,576	623,086	
-	-	(4,999)	(15,139)	
<u>74,424</u>	<u>40,114</u>	<u>204,577</u>	<u>607,947</u>	
142,908	766,313	3,008,863	(11,172,910)	
<u>5,201,305</u>	<u>5,381,515</u>	<u>32,310,954</u>	<u>85,065,305</u>	
<u>5,344,213</u>	<u>6,147,828</u>	<u>\$ 35,319,817</u>	<u>\$ 73,892,395</u>	

Continued

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2012**

	<u>Water</u>	<u>Parking</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 938,578	1,841,238
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	2,346,182	325,857
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(855,299)	(69,254)
Decrease (increase) in inventory of supply	-	-
Increase (decrease) in accounts payable	739,345	2,420
Increase (decrease) in compensated absences payable	39,124	4,627
Increase (decrease) in deposits payable	47,431	-
Increase (decrease) in retention payable	(85,849)	11,585
Increase (decrease) in claims payable	-	-
Increase (decrease) in postemployment benefits obligation	129,343	16,998
Net cash provided by operating activities	<u>\$ 3,298,855</u>	<u>2,133,471</u>
<b>Noncash investing, capital, and financing activities:</b>		
(Decrease) in fair value of investments	<u>\$ (4,999)</u>	<u>-</u>

See accompanying Notes to the Basic Financial Statements.

Sewer	Nonmajor	Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
			Total	
514,489	391,489	\$	3,685,794	\$ (589,270)
503,090	454,707		3,629,836	1,662,266
5,024	(175,506)		(1,095,035)	(657,668)
-	-		-	253,213
48,290	(250,802)		539,253	(241,175)
53,854	83,243		180,848	(34,338)
-	-		47,431	-
-	-		(74,264)	-
-	-		-	3,019,730
13,585	23,974		183,900	499,628
<u>1,138,332</u>	<u>527,105</u>	<u>\$</u>	<u>7,097,763</u>	<u>\$ 3,912,386</u>
<u>-</u>	<u>-</u>	<u>\$</u>	<u>(4,999)</u>	<u>\$ (15,139)</u>

**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	<u>Agency</u>	<u>Santa Ana Redevelopment Agency Private-Purpose Trust Fund</u>
<b>Assets</b>		
Current assets:		
Cash and investments (Note 3A)	\$ 38,065,131	\$ 70,091,383
Held in with trustees	-	6,679,285
Receivables:		
Accounts	-	600
Loans and notes	934,333	-
Interest	18,546	18,563
Land held for redevelopment	-	429,700
Nondepreciable capital assets	-	1,051,762
Deferred issuance costs, net	-	668,059
	<u>\$ 39,018,010</u>	<u>78,939,352</u>
<b>Liabilities</b>		
Accounts payable	\$ 54,563	\$ 3,058,978
Interest payable	-	1,961,353
Notes payable	234,333	-
Due to City employees	6,248,403	-
Due to governmental agencies	32,480,711	-
Advance from other funds	-	5,568,314
Long-term liabilities:		
Due within one year	-	2,591,404
Due in more than one year	-	106,549,301
	<u>\$ 39,018,010</u>	<u>\$ 119,729,350</u>
<b>Net assets (decifit)</b>		
Held in trust for other purposes		<u>\$ (40,789,998)</u>

See accompanying Notes to the Basic Financial Statements.

**Statement of Changes in Fiduciary Net Assets**  
**Santa Ana Redevelopment Agency Private-Purpose Trust Fund**  
**Year ended June 30, 2012**

**Additions:**

Property taxes	-
Investment earnings	\$ 134,759
Other	25,319
	<hr/>
Total additions	160,078
	<hr/>

**Deductions:**

Program expenses	8,469,144
Administrative expenses	642,232
Interest and fiscal agency expenses	6,398,231
	<hr/>
Total deductions	15,509,607
	<hr/>
Extraordinary loss	(25,440,469)
	<hr/>
Change in net assets	(40,789,998)
Net assets (deficit) - beginning	-
	<hr/>
Net assets (deficit) - ending	\$ (40,789,998)
	<hr/> <hr/>

See accompanying Notes to the Basic Financial Statements.



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

# **Notes to the Basic Financial Statements**



## Notes to the Basic Financial Statements, JUNE 30, 2012

### 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 Community Redevelopment Agency (RDA) was originally established in 1973 to eliminate blighted areas through the redevelopment of six project areas under provisions of the California Community Development Law. 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 served as the RDA's Directors, designated management, and had full accountability for the RDA's fiscal matters. On June 28, 2011, the Governor of the State of California signed two bills that impacted redevelopment agencies throughout the State, Assembly Bills X1 26 (ABX1 26 - Dissolution bill) and Assembly Bills X1 27 (ABX1 27 - Continuation bill), as part of the 2011-2012 State's budget package. The California Redevelopment Association (CRA) and League of California Cities filed a lawsuit (CRA v Matosantos) challenging the constitutionality of this legislation. Subsequently on December 29, 2011, the Supreme Court issued its ruling and upheld ABX1 26 but struck down ABX1 27. On January 9, 2012, the City adopted a resolution declaring its intent to serve as the Successor Agency to the RDA (Successor Agency) and designating the Housing Authority of the City of Santa Ana to serve as the Housing Successor Agency. The RDA's financial data and transactions are included with the debt service funds and capital projects funds until the date of dissolution on February 1, 2012. The Housing Successor Agency's financial data and transactions are included in the Capital Project Housing Successor Agency fund. There is no separate Component Unit Financial Report (CUFR) prepared for the Successor Agency.

##### The Successor Agency

The Successor Agency is a separate legal entity from the City and its financial data and transactions are included within the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. (See Note 5 on page 116). There is no separate Component Unit Financial Report (CUFR) prepared for the Successor 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 within the special revenue Housing Authority fund. As it was indicated in the above, on January 9, 2012, the City adopted a resolution designating the Housing Authority of the City of Santa Ana to serve as the Housing Successor Agency. The Housing Successor’s Agency’s financial data and transactions are included within the Capital Projects Housing Successor Agency fund. There is no separate Component Unit Financial Report (CUFR) prepared for the Authority.

Santa Ana Financing Authority

The Santa Ana Financing Authority (SAFA) was organized in August 1993, for the primary purpose of assisting in the financing and refinancing of certain redevelopment activities of the RDA and certain public programs and projects of the City. The Financing Authority is administered by a board whose members shall be, at all times, the Mayor of the City and the members of the City Council. The SAFA’s board has full accountability for the Financing Authority’s fiscal affairs. The SAFA’s financial data and transactions are included within the debt service funds and the Water Enterprise Fund. There is no separate Component Unit Financial Report (CUFR) prepared for SAFA.

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

The government-wide financial statements (i.e., the statement of net 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 Housing Successor Agency. This fund accounts for the receipts and expenditures relating to the Housing Successor Agency in accordance with the California Health and Safety Code.

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

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.

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

Additionally, the City reports the following fund types:

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

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

Santa Ana Redevelopment Agency Private-Purpose Trust Fund. This fund accounts for the receipt of property tax revenues pursuant to the Dissolution Act and the value of assets transferred from the former RDA. The fund accounts for the expenses incurred during the

reporting year pursuant to the Recognized Obligation Payment Schedules (ROPS) approved by the State Department of Finance under the Dissolution Act. (AB 26 –Section 34177)

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 Fund Balance**

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, agency funds and private-purpose trust fund. 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. 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.

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 \$14,664,154. 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 Computer 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, proprietary fund type statement of net assets or private-purpose trust fund. 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 Balance.** 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, 2012, 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. The City Council has two forms of decision-making authority: resolutions and ordinances. The two forms of decision-making authority meet the criteria to establish a commitment and are equally binding. As such, either action can establish a fund balance commitment. The City Council adopts a motion to this effect by the affirmative votes of at least two-thirds (2/3) of the members of the city council to adopt a fund balance commitment. 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 including all amounts not contained in the other classifications and the residual negative fund balance of governmental funds other than the General Fund. Unassigned amounts are technically available for any purpose.

In circumstances when 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 Differences between Governmental Funds Balance Sheet and the Statement of Net Assets**

The "total fund balances" of the City's governmental funds \$135,638,358 differs from "net assets" of governmental activities \$1,048,073,349 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	\$ 1,289,290,889
Accumulated depreciation	(364,486,972)
Total capital assets, net	<u>\$ 924,803,917</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 \$32,346,742 are included in the internal service funds adjustment.

Capitalized lease obligations payable	\$ (491,041)
Certificates of participation	(74,510,000)
Lease revenue bonds payable	(76,370,000)
Long-term loans payable	(1,708,894)
Compensated absences payable	(17,781,570)
Postemployment benefit obligation	(9,147,900)
Bond premium	(476,702)
Bond discount	909,951
Less: Deferred amount on refunding	<u>488,704</u>
Total governmental activities long-term debt	<u>\$ (179,087,452)</u>

Deferred issuance costs

Deferred issuance costs are amortized over the maturity of the debt on the statement of net assets.

Deferred issuance costs	\$ <u>1,652,599</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                   \$   (1,517,533)

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           \$   56,735,251

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                   \$   109,848,209

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

The “net change in fund balances” for governmental funds \$(72,379,058) differs from the “change in net assets” for governmental activities \$107,485,601 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 (\$694,856) are not reflected in the adjustment below:

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

---

Capital outlay	\$	30,067,434
Depreciation expense		(20,103,456)
Net deletions		<u>(157,265)</u>
Difference	\$	<u><u>9,806,713</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 \$499,628 in internal service fund liabilities)	\$	<u><u>15,970,077</u></u>
------------------------------------------------------------------------------------------	----	--------------------------

Repayment of debt service is reported as 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 \$1,043,130 is reflected in the adjustment below:

Principal payments made:		
Tax allocation bonds	\$	545,000
Tax allocation refunding revenue bonds		1,890,000
Police administrative and holding facility lease revenue bonds		4,370,000
Certificates of participation		1,535,000
Long-term loans payable		51,868
Capitalized lease obligations		<u>1,365,162</u>
Total principal repayments		<u><u>9,757,030</u></u>
Internal service fund activity		(1,043,130)
Deferred issuance costs		(104,423)
Proceeds from long-term loan		(347,533)
Amortization of bonds issued premium		349,681
Amortization of bonds issued discount		(54,305)
Amortization of deferred charges		(359,128)
Net change in compensated absences		<u>20,718,799</u>
Net change	\$	<u><u>28,916,991</u></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                   \$   3,210,971

Internal Service Funds

Internal service funds are used by management to charge the costs of certain activities to individual City funds. The change in the net amount of internal service funds are reported as governmental activities.

Net change in net assets - internal service funds                   \$   (13,654,331)

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                   \$   28,284,958

Extraordinary Gain

Extraordinary gain due to assets and liabilities transferred to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund

Extraordinary gain                   \$   107,329,280

**C. Fund Deficits**

At June 30, 2012, the deficit of \$954,715 in the nonmajor Capital Grants Capital Projects Fund and \$267,326 in the nonmajor Special Revenue Civic Center & Maintenance 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. The deficit of \$364,153 in the internal service Engineering and Administrative Services fund is due to a reduction in capital grants for projects and billing revenues received that was less than the engineering and administrative costs for streets improvements. In fiscal year 2012-13 the Traffic Engineering cost will receive funding assistance from the General Fund.

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

**A. Deposits and Investments**

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 216,087,659
Restricted assets:	
Cash and investments	9,589,859
Cash and investments with fiscal agents	9,255,036
Statement of fiduciary net assets:	
Cash and investments	108,156,514
Cash and investments with fiscal agents	<u>6,679,285</u>
Total cash and investments	<u>\$ 349,768,353</u>

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$ 606,400
Deposits with financial institutions	51,002,356
Investments	<u>298,159,597</u>
Totals	<u>\$ 349,768,353</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.

<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.

The City of Santa Ana Investment Policy (Policy) and the California Government Code, Section 53600, indicates that no more than 25% of the investment portfolio can be invested in Commercial Paper. However, the City's commercial paper investments exceeded the maximum percentage amount allowed by 4.82% or \$16,163,655 as of June 30, 2012.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

<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. In accordance with the City's investment policy that was established by a resolution on June 20, 2012, interest rate risk may be mitigated by structuring the fund so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. The cash flow is updated on a daily basis and will be considered prior to the investment of securities, which will reduce the necessity to sell investments for liquidity purposes.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided 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):

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
Federal Agency Securities	\$ 133,726,268	\$ 117,993,998	\$ 5,734,520	\$ 9,997,750	\$ -
Commercial Paper Discount	100,000,000	100,000,000	-	-	-
Mortgage-backed Securities	259,250	-	-	-	259,250
Local Agency Investment Fund Held by Fiscal Agent:	48,239,758	48,239,758	-	-	-
Money Market Funds	9,084,718	9,084,718	-	-	-
Federal Agency Securities	6,679,277	6,679,277	-	-	-
Local Agency Investment Fund	170,326	170,326	-	-	-
	<u>\$ 298,159,597</u>	<u>\$ 282,168,077</u>	<u>\$ 5,734,520</u>	<u>\$ 9,997,750</u>	<u>\$ 259,250</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	\$ 4,996,300

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Rating as of Year End		
			Aaa	Aa	Not Rated
Federal Agency Securities	\$ 133,726,268	N/A	\$ 133,726,268	-	-
Commercial Paper Discount	100,000,000	N/A	-	-	100,000,000
Mortgage-backed Securities	259,250	N/A	-	-	259,250
Local Agency Investment Fund	48,239,758	N/A	-	-	48,239,758
Held by Fiscal Agent:					
Money Market Funds	9,084,718	A	-	8,827,497	257,221
Federal Agency Securities	6,679,277	N/A	6,679,277	-	-
Local Agency Investment Fund	170,326	N/A	-	-	170,326
	<u>\$ 298,159,597</u>		<u>\$ 140,405,545</u>	<u>\$ 8,827,497</u>	<u>\$ 148,926,555</u>

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal agency securities	42,573,320
Federal Home Loan Mortgage Corp.	Federal agency securities	15,059,400
Federal National Mortgage Association	Federal agency securities	76,093,548

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 \$4,613,906 and \$6,679,277 of the cash and investments (including amounts held by bond trustee). The amount of \$4,613,906 reported in the Santa Ana Financing Authority Debt Service Fund (a major fund of the City) is held in the form of Money Market funds and \$6,679,277 reported in the Santa Ana Redevelopment Agency Private-Purpose Trust fund is held in the form of Federal Agency Securities.

#### 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, 2012, 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, 2012 was approximately \$22 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2012 had a balance of approximately \$60.5 billion, of that amount 3.47% (approximately \$2.01 billion) was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 270 days as of June 30, 2012.



**B. Capital Assets.** Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,103,459	\$ -	\$ (704,522)	\$ 12,398,937
Right of way	427,118,325	-	-	427,118,325
Street trees	7,031,327	-	-	7,031,327
Construction in progress	134,804,244	29,613,671	(14,000,124)	150,417,791
Total capital assets not being depreciated	<u>582,057,355</u>	<u>29,613,671</u>	<u>(14,704,646)</u>	<u>596,966,380</u>
Capital assets being depreciated:				
Buildings	198,606,231	-	-	198,606,231
Improvements	74,483,376	-	-	74,483,376
Equipment	55,190,267	1,134,249	(2,198,754)	54,125,762
Infrastructure	385,157,957	7,515,926	(1,319,101)	391,354,782
Library materials	7,081,777	283,392	(184,884)	7,180,285
Computer software	-	6,244,193	-	6,244,193
Total capital assets being depreciated	<u>720,519,608</u>	<u>15,177,760</u>	<u>(3,702,739)</u>	<u>731,994,629</u>
Less: accumulated depreciation for:				
Buildings	(106,314,881)	(5,940,783)	-	(112,255,664)
Improvements	(37,455,808)	(2,556,247)	-	(40,012,055)
Equipment	(44,665,697)	(2,247,351)	2,096,631	(44,816,417)
Infrastructure	(181,050,139)	(10,571,497)	1,246,326	(190,375,310)
Library materials	(5,855,959)	(345,775)	184,884	(6,016,850)
Computer software	-	(104,070)	-	(104,070)
Total accumulated depreciation	<u>(375,342,484)</u>	<u>(21,765,723)</u>	<u>3,527,841</u>	<u>(393,580,366)</u>
Capital assets being depreciated, net	<u>345,177,124</u>	<u>(6,587,963)</u>	<u>(174,898)</u>	<u>338,414,263</u>
Governmental activities capital assets, net	<u>\$ 927,234,479</u>	<u>\$ 23,025,708</u>	<u>\$ (14,879,544)</u>	<u>\$ 935,380,643</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,987,085	\$ -	\$ -	\$ 7,987,085
Construction in progress	8,206,722	3,610,845	(201,530)	11,616,037
Total capital assets not being depreciated	16,193,807	3,610,845	(201,530)	19,603,122
Capital assets being depreciated:				
Buildings	8,831,492	-	-	8,831,492
Water system and other improvements	151,361,389	-	-	151,361,389
Equipment	13,794,197	297,281	-	14,091,478
Parking structures	19,565,852	-	-	19,565,852
Computer software	278,589	-	-	278,589
Total capital assets being depreciated	193,831,519	297,281	-	194,128,800
Less: accumulated depreciation for:				
Buildings	(5,835,067)	(218,481)	-	(6,053,548)
Improvements other than buildings	(76,684,615)	(2,758,016)	-	(79,442,631)
Equipment	(9,409,640)	(224,006)	-	(9,633,646)
Parking structures	(7,958,891)	(415,404)	-	(8,374,295)
Computer software	(13,929)	(13,929)	-	(27,858)
Total accumulated depreciation	(99,902,142)	(3,629,836)	-	(103,531,978)
Capital assets being depreciated, net	93,929,377	(3,332,555)	-	90,596,822
Business-type capital assets, net	\$ 110,123,184	\$ 278,290	\$ (201,530)	\$ 110,199,944

Governmental activities:

General government	\$ 1,386,787
Finance and management services	3,530
Museum	435,649
Library	425,364
Recreation and community services	2,228,727
Police	3,937,192
Fire	475,732
Planning & Building	107
Public works	10,921,065
Community development	289,303
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,662,267

Total depreciation expense - governmental activities      \$ 21,765,723

Business-type activities:			
Water	\$	2,346,182	
Parking		325,857	
Transportation Center		422,193	
Sewer		503,090	
Sanitation		5,163	
Federal Clean Water		27,351	
Total depreciation expense - business-type activities	\$	<u>3,629,836</u>	

Successor Agency capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning		Ending	
	Balance	Increases/Transfers	Decreases	Balance
Private Trust activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ 704,522	\$ -	\$ 704,522
Construction in progress	-	347,240	-	347,240
Total capital assets not being depreciated	<u>-</u>	<u>1,051,762</u>	<u>-</u>	<u>1,051,762</u>
Capital assets being depreciated:				
Equipment	-	65,058	-	65,058
Total capital assets being depreciated	<u>-</u>	<u>65,058</u>	<u>-</u>	<u>65,058</u>
Less: accumulated depreciation for:				
Equipment	-	(65,058)	-	(65,058)
Total accumulated depreciation	<u>-</u>	<u>(65,058)</u>	<u>-</u>	<u>(65,058)</u>
Capital assets being depreciated, net	-	-	-	-
Private-purpose trust capital assets	\$ <u>-</u>	\$ <u>1,051,762</u>	\$ <u>-</u>	\$ <u>1,051,762</u>

Construction Commitments

The City has active construction projects as of June 30, 2012. The projects include street widening and improvements, various park improvements, improvements to the water system, sewer improvements and storm drain improvements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

<u>Projects:</u>	<u>Spent-to date</u>	<u>Remaining Commitment</u>	<u>Total Project Budget</u>
Street widening and improvements	\$ 106,957,266	\$ 50,109,397	\$ 157,066,663
Park improvements	2,101,537	788,288	2,889,825
Water system improvements	8,794,295	8,928,219	17,722,514
Sewer improvements	2,414,748	784,597	3,199,345
Other improvements	2,349,642	275,510	2,625,152

As of February 1, 2012, the budget for Parking Structure Improvement and Downtown Wayfinding system projects in the amount of \$6,190,000 were eliminated due to the dissolution of the RDA.

- C. Interfund Receivables, Payables, Transfers, and Advances.** The composition of interfund balances as of and for the year ended June 30, 2012 was as follows:

Due To/From Other Funds:

<u>Due To Other Funds (Payable)</u>	<u>Due From Other Funds (Receivable)</u>	
	Internal Service Funds	Total
Nonmajor Governmental Funds	\$ 1,460,335	\$ 1,460,335
Total	\$ 1,460,335	\$ 1,460,335

The non-major Capital Project Grant Funds and the non-major Special Revenue Civic Center Maintenance Fund received temporary advances from the Liability and Property Insurance, an Internal Service Fund, to cover deficit cash balances in the amount of \$1,284,346 and \$175,989, respectively. Subsequent collection of the receivables from the granting agencies will repay the advances.

Interfund Transfers:

Transfers Out	Transfers In							Total
	General	Street	Capital Projects	Capital Projects	SAFA	Non-Major		
		Construction	Community	Housing		Special	Internal	
		Capital Projects	Redevelopment	Successor		Revenue	Service	
Fund	Fund	Agency	Agency	Fund	Fund	Funds		
General Fund	\$ -	-	-	-	7,542,183	600,000	2,662,230	\$ 10,804,413
Special Revenue Gas Tax Fund	-	4,612,575	-	-	-	-	10,000	4,622,575
Capital Projects Community RDA	-	-	-	58,645,948	-	-	-	58,645,948
RDA Debt Service Fund	1,833,288	-	14,242,834	-	-	-	-	16,076,122
Internal Service Funds	16,214,372	-	-	-	-	-	-	16,214,372
	<u>\$ 18,047,660</u>	<u>4,612,575</u>	<u>14,242,834</u>	<u>58,645,948</u>	<u>7,542,183</u>	<u>600,000</u>	<u>2,672,230</u>	<u>\$ 106,363,430</u>

The \$1,833,288 represents loan repayments from the RDA Debt Service Fund to General Fund prior to the dissolution date of February 1, 2012. The General Fund received transfers of \$16,214,372 from Internal Service Funds consisting of: 1) \$305,019 transfers from the Engineering and Administrative Internal Service Fund for its share in the energy conservation capital lease payment; 2) \$196,118 transfers from the Building Maintenance for its share in the City Hall Expansion Certificates of Participation payment; and 3) \$6,039,160 and \$9,674,075 from Liability & Property Self Insurance Fund and Workers Compensation, Internal Service Funds, respectively, for their share of General Fund's operations.

Prior to the dissolution the RDA Capital Projects Fund received a transfer of \$14,242,834 from the RDA Debt Service consisting of: 1) \$8,210,036 for the low and moderate housing share of tax increment set-aside monies that were received for the period from July 2011 to January 2012; 2) \$1,518,037 for the 20% of South Main Commercial Corridor tax increment; 3) \$4,514,761 for capital improvement and redevelopment administrative cost and obligations payments.

The Capital Projects Housing Successor Agency received a transfer of \$58,645,948 from the RDA Capital Projects Fund for the assets transferred in accordance with the Assembly Bill XI 26.

The SAFA Debt Service Fund received a transfer of \$7,542,183 from the General Fund for payment of the police lease revenue bonds debt service.

The amount of \$4,612,575 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 \$600,000 representing the General Fund's support for Civic Center and Centennial Park maintenance.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The Information and 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 Engineering and Administrative Services Internal Service Funds received \$10,000 from the Special Revenue Gas Tax Fund representing engineering costs allocated 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
Capital Projects Housing Successor Agency	Santa Ana Redevelopment Agency Private-Purpose Trust Fund	5,568,314
		<u>\$ 8,708,314</u>

The \$3,140,000 represents 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 repayment is due upon demand.

The advances made from Capital Project Housing Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund of \$5,568,314 were used for ERAF and SERAF payments as mandated by the State to balance the State of California 2005-06 and 2009-10 budgets.

**D Long-Term Liabilities.** The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2012:

	Beginning Balance	Additions/Transfers	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Tax allocation bonds	\$ 84,275,000	\$ (83,730,000)	\$ 545,000	\$ -	\$ -
Tax allocation refunding bonds	20,960,000	(19,070,000)	1,890,000	-	-
Capital leases	2,930,437	-	1,365,162	1,565,275	1,398,788
Certificates of participation	76,045,000	-	1,535,000	74,510,000	1,600,000
Lease revenue bonds	80,740,000	-	4,370,000	76,370,000	4,585,000
Long-term loans & other payable	7,633,917	(5,873,155) <sup>(1)</sup>	51,868	1,708,894	1,497,806
Less: Deferred amount of refunding	(2,307,130)	1,459,298	(359,128)	(488,704)	-
Bond discount	(1,300,715)	336,459	(54,305)	(909,951)	-
Add: Bond premium	2,241,850	(1,415,467)	349,681	476,702	-
Total bonds payable, long-term loans and capital leases	<u>271,218,359</u>	<u>(108,292,865)</u>	<u>9,693,278</u>	<u>153,232,216</u>	<u>9,081,594</u>
Compensated absences payable	40,477,360	7,596,342	28,490,346	19,583,356	4,895,839
Claims payable - worker's comp	19,465,111	5,892,320	4,994,849	20,362,582	5,500,000
Claims payable - liability insurance	4,812,648	4,184,483	2,062,224	6,934,907	2,225,000
Governmental activities					
Long-term liabilities	<u>\$ 335,973,478</u>	<u>\$ (90,619,720)</u>	<u>\$ 45,240,697</u>	<u>\$ 200,113,061</u>	<u>\$ 21,702,433</u>
<sup>(1)</sup> The reduction of \$ 5,873,155 accounts for (\$ 6,220,687) was transferred to the Santa Ana Redevelopment Agency, Private-Purpose Trust Fund an addition of \$ 525,912 for Fire Termination Benefits payable, and a reduction of FBA loan payable for (\$ 178,380).					
Business-type activities:					
Revenue bonds payable	\$ 15,420,000	\$ -	\$ 855,000	\$ 14,565,000	\$ 880,000
Refunding COP	6,695,000	-	1,215,000	5,480,000	1,405,000
Notes payable	1,153,012	-	160,910	992,102	166,951
Less: Deferred amounts	(1,394,923)	-	(169,097)	(1,225,826)	-
Add: Bond premium	699,307	-	90,452	608,855	-
Total bonds payable and long-term notes payable	<u>22,572,396</u>	<u>-</u>	<u>2,152,265</u>	<u>20,420,131</u>	<u>2,451,951</u>
Compensated absences payable	1,274,829	725,034	680,827	1,319,036	329,760
Business-type activities					
long-term liabilities	<u>\$ 23,847,225</u>	<u>\$ 725,034</u>	<u>\$ 2,833,092</u>	<u>\$ 21,739,167</u>	<u>\$ 2,781,711</u>

Internal service funds predominantly serve the governmental funds. Accordingly, \$27.30 million of claims payable is included as part of the above totals for governmental activities.

At year-end, \$1.81 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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The following is a summary of changes in long-term liabilities of Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust for the fiscal year ended June 30, 2012:

	Beginning Balance	Transfers	Additions	Reductions	Ending Balance	One Year
Private-purpose trust activities:						
Tax allocation bonds	\$ -	\$ 83,730,000	-	-	\$ 83,730,000	\$ 560,000
Tax allocation refunding bonds	-	19,070,000	-	-	19,070,000	1,990,000
Capital leases	-	-	-	-	-	-
Certificates of participation	-	-	-	-	-	-
Lease revenue bonds	-	-	-	-	-	-
Refunding revenue bonds	-	-	-	-	-	-
Long-term loans	-	6,220,687	-	-	6,220,687	-
Less: Deferred amount of refunding	-	(1,459,298)	-	(81,983)	(1,377,315)	-
Bond discount	-	(336,459)	-	(15,577)	(320,882)	-
Add: Bond premium	-	1,415,467	-	79,520	1,335,947	-
Total bonds payable, long-term	-	108,640,397	-	(18,040)	108,658,437	2,550,000
Compensated absences payable	-	140,868	95,382	70,634	165,616	41,404
OPEB	-	299,746	16,906	-	316,652	-
Private-purpose trust						
long-term liabilities	\$ -	\$ 109,081,011	112,288	52,594	\$ 109,140,705	\$ 2,591,404

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.

As of February 1, 2012 the principal balance of \$16,940,000 and the interest of \$8,525,051 for bonds debt service requirements to maturity were transferred to the Community Development Agency (Successor Agency) and are recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund.



Outstanding  
Balance  
June 30, 2012

2003A Tax allocation bonds debt service requirements to maturity are as follows: \$16,940,000

Period Ending	Principal	Interest
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	560,000	711,260
2014	580,000	691,660
2015	605,000	670,620
2016	625,000	648,168
2017	650,000	624,255
2018-2022	3,660,000	2,700,227
2023-2027	4,555,000	1,814,098
2028-2032	<u>5,705,000</u>	<u>664,762</u>
Total	\$ <u>16,940,000</u>	\$ <u>8,525,050</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.

As of February 1, 2012 the principal balance of \$19,070,000 and the interest of \$4,063,500 for bonds debt service requirements to maturity were transferred to the Community Development Agency (Successor Agency) and are recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund \$19,070,000

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

Outstanding  
Balance  
June 30, 2012

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

Period Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,990,000	\$ 903,750
2014	2,085,000	801,875
2015	2,200,000	694,750
2016	2,310,000	582,000
2017	2,430,000	463,500
2017-2020	<u>8,055,000</u>	<u>617,625</u>
Total	<u>\$ 19,070,000</u>	<u>\$ 4,063,500</u>

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

2011A Tax Allocation Bonds (Merged Project Area).

The 2011A Tax Allocation Refunding Bonds were issued in the amount of \$66,790,000 on January 25, 2011 to provide funding for the defeasance and refinancing of the 1998 Santa Ana Financing Authority Refunding Revenue Bonds series A, B, C, and D (SAFA), and for the financing of \$6.1 million in redevelopment activities, including certain public parking and infrastructure improvements. The SAFA bonds were an obligation of the City, the proceeds from which were used to purchase the 1989 Tax Allocation Refunding Bonds Series A, B, C and E (1989). The 1989 bonds were an obligation of the Community Redevelopment Agency of the City (Agency), and this transaction resulted in the retirement of those bonds. The 2011 bonds mature serially starting on September 1, 2017 through 2028, in amounts ranging from \$805,000 to \$10,820,000, and pay interest at rates varying from 5% to 6.75%.

The 2011 bonds are an obligation of the Agency and are secured by a first pledge of and lien on tax revenues, excluding all other amounts of taxes, such as those which are required to be deposited into the Low and Moderate Income Housing Fund of the Agency, taxes which constitute supplemental subventions payable by the State to the Agency, taxes which constitute amounts to be paid by the Agency pursuant to certain pass-through agreements described in the official statement, except and to the extent such amounts so payable are payable on a basis subordinate to the payment of the 2011 bonds and any parity debt, taxes which constitute amounts payable by the Agency under former Section 33676 of the Redevelopment Law for

Outstanding  
Balance  
June 30, 2012

payments to affected taxing entities, taxes to the extent required for the payment of debt service on the 2003 Bonds, and taxes pledged and annually allocated to the South Main Street Redevelopment Plan. The economic gain on refunding was \$1.98 million.

As of February 1, 2012 the principal balance of \$66,790,000 and the interest of \$51,523,713 for bonds debt service requirements to maturity were transferred to the Community Development Agency (Successor Agency) and are recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund.

\$66,790,000

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

Period Ending	Principal	Interest
June 30		
2013	\$ -	\$ 4,209,850
2014	-	4,209,850
2015	-	4,209,850
2016	-	4,209,850
2017	-	4,209,850
2018-2022	16,265,000	19,648,819
2023-2027	42,765,000	10,313,656
2028-2029	7,760,000	511,988
Total	\$ <u>66,790,000</u>	\$ <u>51,523,713</u>

The 2003 Bonds Series A, 2011A Bonds and 2003 Refunding Bonds Series 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.

ABx1 26 (the "Dissolution Act") was enacted in late June 2011 as part of the fiscal year 2011-12 state budget package and was held by the California Supreme Court to be largely constitutional on December 29, 2011. Under the Dissolution Act, each of California's redevelopment agencies was dissolved as of February 1, 2012. On January 9, 2012, the City adopted a resolution declaring its intent to serve as the Successor Agency and designating the Housing Authority of the City of Santa Ana to serve as the Successor Housing Agency. Pursuant to ABx1 26, prior to the dissolution, on August 24, 2011, the Dissolved RDA prepared initial Enforceable Obligation Payment Schedule (the "EOPS") and subject to update by the Successor

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

---

Outstanding  
Balance  
June 30, 2012

Agency. The Successor Agency is required to submit an Oversight Board approved Recognized Obligation Payment Schedule (ROPS) to the County Auditor Controller (CAC) and the Department of Finance (DOF) no fewer than 90 days prior to the semiannual RPTTF property fund (Redevelopment Property Tax Trust Fund) distribution (or October 4 for the January 2 distribution and March 3 for the June 1 distribution) (Section 34177(m)). The distribution revenues have been pledged until the year 2031 for the 2003 Series A bonds, 2019 for the 2003 Series B bonds and 2029 for 2011A Bonds in accordance with EOPS and ROPS. The information of EOPS and ROPS are found on the City's website at

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

Total Tax Allocation Bonds and Refunding Bonds \$102,800,000

**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, 2012 totaled \$491,040. \$491,040

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. In 2012 the Financial ERP Software was capitalized at \$6,244,193. Of that amount, the setup cost \$753,487 was funded by the Information and Communications Services Fund, an internal service funds. The future minimum lease payments required under the terms of the lease at June 30, 2012 totaled \$1,074,235. 1,074,235

Total Capitalized Lease Obligations \$1,565,275

Outstanding  
Balance  
June 30, 2012

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

Period Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	1,398,788	38,071
2014	<u>166,487</u>	<u>2,872</u>
Total	\$ <u><u>1,565,275</u></u>	\$ <u><u>40,943</u></u>

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.

\$8,795,000

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

Outstanding  
Balance  
June 30, 2012

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 \$122,102,474. Pledged gas tax revenues recognized during the fiscal year ended June 30, 2012 was \$9.9 million as against the total debt service payment of \$4.2 million. At June 30, 2012, the reserve balance is \$4,212,788.

65,715,000

Total Certificates of Participation

\$74,510,000

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
2013	\$ 380,000	\$ 404,435	\$ 1,220,000	\$ 2,964,081	\$ 1,600,000	\$ 3,368,516
2014	400,000	386,105	1,275,000	2,911,681	1,675,000	3,297,786
2015	420,000	366,835	1,325,000	2,857,681	1,745,000	3,224,516
2016	435,000	346,742	1,380,000	2,794,681	1,815,000	3,141,423
2017	460,000	325,710	1,450,000	2,723,932	1,910,000	3,049,642
2018-2022	2,630,000	1,276,755	8,350,000	12,526,371	10,980,000	13,803,126
2023-2027	3,310,000	581,625	10,285,000	10,538,803	13,595,000	11,120,428
2028-2032	760,000	17,860	12,825,000	7,930,794	13,585,000	7,948,654
2033-2037	-	-	16,075,000	4,601,884	16,075,000	4,601,884
2038-2040	-	-	11,530,000	834,294	11,530,000	834,294
Total	<u>\$ 8,795,000</u>	<u>\$ 3,706,067</u>	<u>\$ 65,715,000</u>	<u>\$ 50,684,202</u>	<u>\$ 74,510,000</u>	<u>\$ 54,390,269</u>

**LEASE REVENUE BONDS**

Police Lease Revenue Bonds. On March 23, 1994, the Santa Ana Financing Authority (SAFA) issued the Police Administration and Holding Facility Lease Revenue Bonds in the amount of \$107.4 million to provide funds for the construction and equipping of a police administration and holding facility. The bonds were issued in the following portfolio mix: \$1.47 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, 2011, 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.

Outstanding  
Balance  
June 30, 2012

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%.

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, 2012 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).

Total Lease Revenue Bonds

\$76,370,000

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

<u>June 30</u>		<u>Principal</u>		<u>Interest</u>
2013	\$	4,585,000	\$	4,541,625
2014		4,685,000		4,381,150
2015		5,030,000		4,193,750
2016		5,345,000		3,879,375
2017		5,680,000		3,545,313
2017-2022		34,190,000		11,936,564
2023-2024		<u>16,855,000</u>		<u>1,596,251</u>
Total	\$	<u><u>76,370,000</u></u>	\$	<u><u>34,074,028</u></u>

Outstanding  
Balance  
June 30, 2012

LONG-TERM LOANS AND OTHER PAYABLE

Santa Ana Fire's Employees Termination Benefits. On April 20, 2012, the City of Santa Ana executed an agreement with the Orange County Fire Authority (OCFA) for the purposes of outsourcing fire and emergency medical services. At the time of outsourcing, the City completed negotiations delineating the terms and conditions applicable to Firemen's Benevolent Association (FBA) members in a Memorandum of Understanding (MOU). In the MOU the City agreed to provide a stipend to all sworn employees to receive a base pay rate so that when considered with their applicable OCFA bonus pay(s) their compensation is as close as possible to their current Santa Ana compensation (salary plus bonuses). The stipend shall expire at the earlier of two years from the date of transition or the date the employee is moved to the OCFA top step. The monthly stipend for fiscal year 2011-12 is \$21,913 and the unpaid balance as of June 30, 2012 is \$474,044.

\$474,044

Period Ending	Principal
<u>June 30</u>	<u>          </u>
2013	\$ 262,956
2014	<u>211,088</u>
Total	<u><u>\$ 474,044</u></u>



Outstanding  
Balance  
June 30, 2012

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, 2012 the unpaid accrued interest for the FBA Loan is \$534,850.

1,234,850

Total Long-Term Loans and Other Payable

\$1,708,894

Compensated Absences. Accrued vacation (\$11,712,956) represents total vested vacation benefits for all City employees in the governmental funds. Sick leave benefits (\$7,870,400) 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, 2012. Also included herein is \$1,801,786 representing accrued vacation and sick leave benefits for employees, in the Internal Service Funds.

\$19,583,356

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, 2012 the unpaid accrued interest for the Santa Ana Venture Loan is \$0. The outstanding principal balance at June 30, 2012, is \$6,220,687. As of February 1, 2012 the principal balance of \$6,220,687 was transferred to the Successor Agency to the Community Development Agency and is recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund.

Outstanding  
Balance  
June 30, 2012

**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 used to current refund the 1994 Bonds. The remaining proceeds were to 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 \$19.53 million. Pledged revenue recognized during the fiscal year ended June 30, 2012 was \$3.3 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.

\$14,565,000

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

Period Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 880,000	\$ 638,431
2014	900,000	609,494
2015	930,000	578,031
2016	965,000	544,266
2017	1,000,000	507,775
2018-2022	5,730,000	1,768,438
2023-2025	<u>4,160,000</u>	<u>318,750</u>
Total	\$ <u><u>14,565,000</u></u>	\$ <u><u>4,965,185</u></u>

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

Operating revenue	\$ 49,481,988
Operating expenses (net of depreciation expense of \$ 2,346,182)	<u>46,197,228</u>
Net revenue	3,284,760
Amount required for payment of principal and interest payable for the year ended June 30, 2012 (\$1,518,431 x 1.20)	<u>1,822,117</u>
Excess of net revenue over amount required	\$ <u><u>1,462,643</u></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 are insured by a financial guaranty insurance policy issued by Ambac Assurance Corporation. The balance outstanding as of June 30, 2012 is \$5,480,000.

COP debt service requirements to maturity are as follows:

Year Ending		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 5,480,000</u>	<u>\$ 595,262</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 on June 19, 1991 and amended on May 11, 1995. After the project was completed, the City executed a promissory note in favor of OCWD for \$2,857,558, 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, 2012 is \$992,102. The note is a liability of the City’s Water Enterprise Fund.

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

Period Ending June 30	Principal	Interest
2013	\$ 166,591	\$ 33,279
2014	172,473	27,397
2015	178,562	21,307
2016	184,867	15,003
2017	191,393	8,476
2018	98,216	1,719
Total	\$ <u>992,102</u>	\$ <u>107,181</u>

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

Residential Mortgage Revenue Bond Programs:

Through June 30, 2012, the City and the Housing Authority of the City of Santa Ana issued residential mortgage revenue bonds totaling \$71,619,404. 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:

Issue Date	Interest Rate	Amount
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
October 31, 2011	5.85%	10,615,700
		\$ <u>71,619,404</u>

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

California Municipal Finance Authority (CMFA):

The CMFA issued \$8,000,000 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, 2012, six issues totaling \$120,824,000 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>2</u>	<u>65,606,000</u>
	<u>6</u>	<u>\$120,824,000</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 as Notes Payable to other governmental agencies of \$234,333 are reflected at June 30, 2012.

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 prior to the Dissolution Act. At June 30, 2012 loans totaling \$44,879,014 and \$62,086,471 were recorded as "loans and notes receivable" in the Special Revenue Grants Fund and Capital Projects Housing Successor Agency fund, respectively.

**F. 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, 2012 totaled \$6,880,365.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

Period Ending June 30	Principal Component	Interest Component	Total Lease Payment
2013	\$ 355,002	\$ 324,819	\$ 679,821
2014	372,181	307,640	679,821
2015	390,192	289,630	679,822
2016	409,073	270,749	679,822
2017	428,868	250,953	679,821
2018-2023	2,476,470	922,638	3,399,108
2024-2026	2,448,579	270,708	2,719,287
	<u>\$ 6,880,365</u>	<u>\$ 2,637,137</u>	<u>\$ 9,517,502</u>

**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. All BICEP members share the risk for the first layer of claims between \$1 million to \$2 million. Reinsurance and excess insurance covers amounts from \$2 million to \$102 million maximum. 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 Employee Group 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, 2012, the outstanding losses for the workers' compensation and liability programs are reported at their discounted present value. The outstanding losses are discounted at a 2.0 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, 2012. Changes in the balances of claims liabilities since July 1, 2010 resulted from the following:

	Workers'		
	Compensation	Liability	Total
Net Unpaid Claims - July 1, 2010	\$ 18,909,733	\$ 4,576,071	\$ 23,485,804
Claims and Changes in Estimate	8,335,893	3,256,265	11,592,158
Claims Payments	<u>(4,799,534)</u>	<u>(2,696,279)</u>	<u>(7,495,813)</u>
Unpaid Claims - June 30, 2011	22,446,092	5,136,057	27,582,149
Less Discount Taken	<u>(2,980,981)</u>	<u>(323,409)</u>	<u>(3,304,390)</u>
Net Unpaid Claims - June 30, 2011	<u>\$ 19,465,111</u>	<u>\$ 4,812,648</u>	<u>\$ 24,277,759</u>

	Workers'		
	Compensation	Liability	Total
Net Unpaid Claims - July 1, 2011	\$ 19,465,111	\$ 4,812,648	\$ 24,277,759
Claims and Changes in Estimate	8,213,560	4,432,170	12,645,730
Claims Payments	<u>(4,994,849)</u>	<u>(2,062,224)</u>	<u>(7,057,073)</u>
Unpaid Claims - June 30, 2012	22,683,822	7,182,594	29,866,416
Less Discount Taken	<u>(2,321,240)</u>	<u>(247,687)</u>	<u>(2,568,927)</u>
Net Unpaid Claims - June 30, 2012	<u>\$ 20,362,582</u>	<u>\$ 6,934,907</u>	<u>\$ 27,297,489</u>

**B. Related Party Transactions.** As explained in Note 1A, this report includes the accounts of the Community Redevelopment Agency up to January 31, 2012, the Successor Agency to the Community Redevelopment Agency, the Housing Authority, and the Financing Authority, each of which is considered component units of the primary government. Each of these component units are operated by City employees, some of whom provide services for (or exert management influence over) more than one of these component units. Charges to these units for labor, materials and overhead are made directly at the City's standard rate per formal agreements with the City. Real property transfers are executed at appraised value usually net of cost incurred by the acquiring unit.

**C. Contingent Liabilities.**

Commitments and Contingencies. Numerous claims and suits have been filed against the City in the normal course of business. To the extent that information available indicates that it is probable a liability has been incurred as of June 30, 2012 and where the amount of loss could be reasonably estimated, the obligation has been accrued as an expense of the City's self-insurance program (see Note 4A).

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

**D. Joint Ventures.** The Orange County Civic Center Authority (the "OCCCA") was created in January 1966 under a Joint Exercise of Powers Agreement between the City of Santa Ana and the County of Orange. The purpose of the OCCCA is to provide, through the issuance of revenue bonds, financing necessary to construct a county courthouse and certain City buildings, located on land contributed to the OCCCA by the County and the City. Upon completion of construction, the OCCCA leased the facilities to the County, the City and the State of California. The City took title to its City Hall facilities when it exercised an early defeasance of the corresponding revenue bonds in 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 OCCCA to administer the Civic Center parking lot and the Parking/Maintenance Fund. Parking revenue is retained by the OCCCA and must be used to pay the parking lot concessionaire, to pay any taxes related to the parking lot, and to reimburse the City for the cost of maintaining the Civic Center. No provision has been made for disposition of excess funds remaining after authorized expenditures have been made.

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

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

**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 2011-12 rate was 28.848% for the safety employees and 18.373% 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, 2011, actuarial valuation is as follows:

<u>Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Actuarial Accrued Liability % of Payroll</u>
<u>Miscellaneous Plan</u>					
\$ 642,850	\$ 529,201	\$ 113,649	82.30%	\$ 60,016	189.40%
<u>Safety Plan</u>					
\$ 859,019	\$ 748,394	\$ 110,625	87.10%	\$ 59,969	184.50%

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.* For fiscal year 2011-12, the City’s annual pension cost of \$23,317,643 for CalPERS was equal to the City’s required and actual contributions. For fiscal year 2011-12, total member’s contribution to CalPERS, including contributions on behalf of employees, was \$31,809,835. The required contribution was determined as part of the June 30, 2009 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 3.55% to 14.45% 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
06/30/10	\$ 22,882	100%	-
06/30/11	22,059	100%	-
06/30/12	23,318	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 April 20, 2012 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. The City outsourced the fire department to the Orange County Fire Authority (OCFA) effective April 20, 2012. At the same time the memorandum of understanding between the City and FBA terminated the Health Subsidy Plan as of July 16, 2012.

(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 (110) 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 April 20, 2012 the contribution from the City was ended.

(D) *Funded Status and Funding Progress* Contributions made to the fund in fiscal year 2011-12 totaled \$371,042. The balance available at June 30, 2012 totaled \$1,441,333, which is reported in the Retiree Health Insurance Subsidy Agency fund, which is not an irrevocable trust. On September 26, 2012 the fund balance as of that date is remitted to FBA.

**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 721 (SEIU), the Mid/Administrative Managers' Association (SAMA). These plans are single-employer defined benefit plans and do not issue separate financial statements. These plans are considered the Subsidy Plan. 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. The POA has the full fiscal obligation of the plan, therefore the Medical Insurance Trust Fund is not an OPEB obligation of the City under GASB 45. On April 20, 2012 the City contracted with Orange County Fire Authority to provide firefighting and related services which resulted in the plan termination for the FMA employees and retirees.

(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, 2012:

	<u>SEIU</u>	<u>PMA</u>	<u>FMA</u>	<u>SAMA</u>	<u>CASA</u>	<u>POA (1)</u>
Retirees and beneficiaries receiving benefits	189	22	8	28	8	-
Terminated plan members entitled to but not yet receiving benefits	-	1	1	7	2	-
Active plan members	<u>393</u>	<u>13</u>	<u>0</u>	<u>45</u>	<u>46</u>	<u>-</u>
Total	<u><u>582</u></u>	<u><u>36</u></u>	<u><u>9</u></u>	<u><u>80</u></u>	<u><u>56</u></u>	<u><u>-</u></u>

(1) POA manages the Retirees Benefits fund and it is not part of the City's Retirees 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 2012, the negotiated percentage is 1.75% for SAMA, CASA; 1% for SEIU; 1.75% for FMA; 0.75% for POA and 1.25% PMA. Eligibility and benefits varies depending upon the pertinent provisions as embodied in each bargaining units' Memorandum of Understanding (MOU) with the City.

(D) *Annual Pension Cost and Funded Status.* Contributions made by the City to each respective bargaining unit in fiscal year 2011-12 and the respective units' balances available for benefits (not held in an irrevocable trust) at June 30, 2012 were as follows:

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

		<u>Contribution</u>		<u>Balance in</u>	<u>Agency Fund</u>
POA	\$	369,457	\$	N/A	(1)
PMA		28,313		236,230	
SEIU		-	(2)	505,165	
FMA		18,096		(1,530)	
SAMA/CASA		180,086		783,683	
<b>Total</b>	<b>\$</b>	<b>595,952</b>	<b>\$</b>	<b>1,523,548</b>	

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

(2) SEIU contributed their 1% contribution in Fiscal Year 2011-12 back to General Fund

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.

(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, 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 \$112 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 2011-12, the total City’s PEMHCA contribution for retirees was \$329,079.

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 2012 is \$108 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:

(Dollar amounts in thousands)	POA (1)	PMA	FBA	FMA	SEIU	SAMA/ CASA	Total PEMHCA
<b>PEMHCA</b>							
Annual required contribution	\$ -	\$ 55	\$ 118	\$ 5	\$ 865	\$ 188	\$ 1,231
Interest on net OPEB obligation	-	9	69	2	143	28	251
Adjustment to annual required contribution	-	(8)	(62)	(2)	(129)	(26)	(227)
Annual OPEB cost (expense)	-	56	125	5	879	190	1,255
Contribution made	-	(17)	(92)	-	(186)	(34)	(329)
Increase (decrease) in net OPEB obligation	-	39	33	5	693	156	926
Net OPEB obligation - beginning of year	-	206	1,634	48	3,364	674	5,926
Net OPEB obligation - end of year	\$ -	\$ 245	\$ 1,667	\$ 53	\$ 4,057	\$ 830	\$ 6,852

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

(Dollar amounts in thousands)	POA (1)	PMA	FBA	FMA	SEIU	SAMA/ CASA	Total Subsidy Plan
<b>SUBSIDY PLAN</b>							
Annual required contribution	\$ -	\$ 38	\$ -	\$ -	\$ 945	\$ 391	\$ 1,374
Interest on net OPEB obligation	611	2	116	7	155	50	941
Adjustment to annual required contribution	(14,612)	(2)	(2,466)	(144)	(139)	(44)	(17,407)
Annual OPEB cost (expense)	(14,001)	38	(2,350)	(137)	961	397	(15,092)
Contribution made	(370)	(28)	(371)	(18)	-	(180)	(967)
Increase (decrease) in net OPEB obligation	(14,371)	10	(2,721)	(155)	961	217	(16,059)
Net OPEB obligation - beginning of year	14,371	43	2,721	155	3,644	1,165	22,099
Net OPEB obligation - end of year	\$ -	\$ 53	\$ -	(2)	(2)	4,605	\$ 6,040

(1) POA has full fiscal obligations of the plan and it is not an OPEB obligation of the City under GASB 45

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

(Dollar amounts in thousands)

<b>TOTAL OPEB</b>	Subsidy		Total
	PEMHCA	Plan	OPEB
Annual required contribution	\$ 1,231	\$ 1,374	\$ 2,605
Interest on net OPEB obligation	251	941	1,192
Adjustment to annual required contribution	(227)	(17,407)	(17,634)
Annual OPEB cost (expense)	1,255	(15,092)	(13,837)
Contribution made	(329)	(967)	(1,296)
Increase (decrease) in net OPEB obligation	926	(16,059)	(15,133)
Net OPEB obligation - beginning of year	5,926	22,099	28,025
Net OPEB obligation - end of year	\$ <u>6,852</u>	\$ <u>6,040</u>	\$ <u>12,892</u>

The required contribution was determined as part of the June 30, 2012 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 3.25% and payroll growth of 3.25%. The actuarial accrued liability (AAL) and normal cost is under the entry age normal actuarial method. The Health Care Cost Trend Rate implicitly considers estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of plan participants. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the three preceding years were as follows:



(Dollar amounts in thousands):

	Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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/CASA	06/30/10	580	2.9%	1,371
Total		<u>8,497</u>	<u>19.9%</u>	<u>20,772</u>
POA	06/30/11	3,928	9.7%	14,371
PMA	06/30/11	93	38.7%	249
FBA	06/30/11	1,782	25.5%	4,355
FMA	06/30/11	47	55.3%	203
SEIU	06/30/11	2,323	21.2%	7,008
SAMA/CASA	06/30/11	601	22.1%	1,839
Total		<u>8,774</u>	<u>17.3%</u>	<u>28,025</u>
POA	06/30/12	(14,001) (1)	-2.6%	-
PMA	06/30/12	94	47.9%	298
FBA	06/30/12	(2,225) (2)	-20.8%	1,667
FMA	06/30/12	(132) (2)	-13.6%	53
SEIU	06/30/12	1,840	10.1%	8,662
SAMA/CASA	06/30/12	587	36.5%	2,212
Total		<u>(13,837)</u>	<u>-9.4%</u>	<u>12,892</u>

(1) POA has full fiscal obligations of the plan and it is not an OPEB obligation of the City under GASB 45

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

Funded Status as of June 30, 2012 is as follows (Dollar amounts in thousands):

	(a) Entry Age Normal	(b)	(a)-(b)=(c) Unfunded Actuarial	(b)/(a)	(d)	(c)/(d)
Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Covered Payroll
POA	06/30/12 \$	- (1)	\$ -	0%	\$ -	0.0%
PMA	06/30/12	2,003	-	0%	2,339	85.6%
FBA	06/30/12	3,097 (2)	-	0%	18,328	16.9%
SEIU	06/30/12	28,381	-	0%	33,428	84.9%
FMA	06/30/12	120 (2)	-	0%	705	17.0%
SAMA/CASA	06/30/12	8,980	-	0%	11,430	78.6%
Total	\$	<u>42,581</u>	\$	<u>0%</u>	<u>\$ 66,230</u>	<u>64.3%</u>

(1) POA has full fiscal obligations of the plan and it is not an OPEB obligation of the City under GASB 45

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

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.

**G. Supplementary Retirement Plan**

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

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

(C)*Funding Policy.* The City has made available an annual amount of \$120,672 to the plan in accordance with the payment terms defined by the plan. This annual amount is subject to an annual compounding cost of living adjustment of two percent (2%) per year. For Fiscal year 2011-12, the City's annual PARS contribution was \$247,861. This contribution included \$124,092 for benefits paid from 1/1/12 to 12/31/12 and \$123,769 for retroactive benefits paid from 11/1/09 to 12/31/10.

The funded status of the plan (in thousands) based on the June 30, 2012, actuarial valuation is as follows:

	<u>June 30, 2012</u>
Actuarial Liability	\$ 1,702
Market Value of Plan Assets	\$ (57)
Unfunded Actuarial Liability (UAL)	\$ 1,645
Amortization Payment for UAL	\$ 135 *

\*20-Year Level Dollar amortization with beginning-of-year payments

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

Interest Rate	6%
Mortality	
Males	1983 GAM Males
Females	1983 GAM Females
Cost of Living	2% Compounding

**H. General Fund Reserve**

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

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

Upon fulfillment of achieving a minimum Unassigned Reserve Account of 10%, the City shall consider the establishment of a reserve account for Economic Uncertainty. The reserve for Economic Uncertainty is established to offset any major variations in tax receipts as well as fees and charges or unforeseen cost increases. The City maintains a minimum reserve level of 1 to 10% of recurring General Fund revenues with an objective of attaining a maximum goal of 10%. The Economic Uncertainty Reserve can be used upon approval by two thirds vote from the City Council in the situation where that negative variations in projected revenues from the largest revenue sources defined as Sales tax, Property tax, Property tax in Lieu, Utility Users tax, Business Tax, and Hotel Visitors tax exceed 2% with no corresponding General Fund expenditure offset and that a structural deficit exists in the budgeted forecast of the upcoming fiscal year.

The Unassigned Reserve Account in the amount of \$19,335,569 is reported as unassigned fund balance in the General Fund.

**I. Net Assets Designations**

As of June 30, 2012, the following business-type activities funds of the City had designations of unrestricted net assets as follows:

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

	Business-Type Activities Enterprise Funds				Total
	Water	Parking	Sewer	Nonmajor	
Designated for authorized projects	\$ 5,090,230	\$ -	\$ 439,849	\$ -	\$ 5,530,079
Designated for subsequent year expenditures	2,775,544	15,767	3,525,729	5,335,721	11,652,761
Designated for bond resolutions requirement	1,822,117	-	-	-	1,822,117
Designated for account receivable	9,768,113	-	-	-	9,768,113
Undesignated	-	4,816,352	1,550,075	618,269	6,984,696
<b>Total unrestricted net assets</b>	<b>\$ 19,456,004</b>	<b>\$ 4,832,119</b>	<b>\$ 5,515,653</b>	<b>\$ 5,953,990</b>	<b>\$ 35,757,766</b>

**Note 5. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Santa Ana that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 9, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-002.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the Capital Projects Community Redevelopment Agency and the Debt Service Community Redevelopment Agency funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss in the governmental fund financial statements. The receipt of these assets and liabilities as of February 1, 2012 was reported in the Santa Ana Redevelopment Agency Private-Purpose Trust fund as an extraordinary loss.

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss recognized in the governmental funds was not the same amount as the extraordinary loss that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary loss recognized in the fiduciary fund financial statements is reconciled as follows:

Reconciliation of the Extraordinary Loss Reported in Governmental Funds to  
the Extraordinary Loss Recognized in  
the Santa Ana Redevelopment Agency Private-Purpose Trust Fund Financial Statements

Total extraordinary loss reported in governmental funds – increase to net assets of the Successor Agency Trust Fund	\$	81,888,811
Capital assets recorded in the government-wide financial statements – increase to net assets of the Successor Agency Trust Fund		1,051,242
Long-term debt reported in the government-wide financial statements – decrease to net assets of the Successor Agency Trust Fund		(109,081,011)
Deferred issuance costs reported in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund		700,489
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers	\$	(25,440,469)

**Note 6: SUBSEQUENT EVENTS – SUCCESSOR AGENCY TO THE SANTA ANA REDEVELOPMENT AGENCY (SUCCESSOR AGENCY)**

**A. Due Diligence Review – Low and Moderate Income Housing Fund assets held by the Successor Agency**

Assembly Bill 1484 (AB 1484), a trailer bill to the State's 2012-2013 Budget Act, requires Successor Agencies to determine the unencumbered cash available for distribution to taxing entities through an Agreed-Upon Procedures Report, or Due Diligence Review (Review). The Review takes place in two phases. The first Review determines the amounts available for distribution from the assets transferred from the Low and Moderate Income Housing Fund (LMIHF) assets that are held by the Successor Agency. The second Review determines amounts available for distribution from the assets transferred from all other funds of the former Redevelopment Agency, excluding the LMIHF assets that are held by the Successor Agency.

The results of the first Review identified potentially \$30.5 million in cash and investments transferred from the former LMIHF to the Capital Projects Housing Successor Agency that didn't qualify as housing assets and were consequently deemed as available for distribution to the taxing entities. As a result, the Successor Agency reverted such assets to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund as of June 30, 2012. Within the scope of AB 1484, the Successor Agency is allowed to request to retain the assets transferred to satisfy obligations listed on their Recognized Obligation Payment Schedule, or ROPS, for the period July 1, 2012 through June 30, 2013. Management requested to retain the entire \$30.5 million in unencumbered cash and investments to pay certain obligations listed on their ROPS.

Pursuant to Health and Safety Code 34179.6 (d), the State Department of Finance (State) is authorized to adjust the results of the Review's stated balance of LMIHF available for distribution to the taxing entities. Based on the State's review, they made certain adjustments to the amounts owed and requested the Successor Agency to pay \$52.3 million.

The Successor Agency has contested the State's request believing at a minimum that \$26 million of the \$52.3 million is in error and the remaining balance requested is related to enforceable obligations. Pursuant to AB 1484, the Successor Agency has requested a meet and confer with the State to resolve these issues. Due to uncertainties surrounding the results of the meet and confer, the ultimate outcome of these issues cannot presently be determined, and accordingly, no provision for any liability that may result has been recorded in the financial statements.

**B. Recognized Obligation Payments Schedule**

On September 4, 2012, the Successor Agency submitted their ROPS covering enforceable obligations payable January 1, 2013 through June 30, 2013. Subsequently, the State has reviewed and approved the ROPS with the exception of certain items listed which the State has determined do not meet the definition of an enforceable obligation as noted in the Health and Safety Code. The Successor Agency disagrees with the conclusions rendered on the obligations in question and has requested a meet and confer with the State to resolve such issues. Due to uncertainties surrounding the results of the meet and confer, the ultimate outcome of these issues cannot presently be determined, and accordingly, no provision for any liability that may result has been recorded in the financial statements.



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

# **Required Supplementary Information**

CAFR



**General Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 140,387,281	140,387,281	145,185,837	\$ 4,798,556
License and permits	3,562,776	3,562,776	3,934,011	371,235
Intergovernmental	2,915,972	2,915,972	2,206,206	(709,766)
Charges for services	8,350,367	8,650,367	9,940,600	1,290,233
Fines and forfeits	7,282,485	7,282,485	6,930,479	(352,006)
Investment income	126,544	126,544	230,055	103,511
Cost recoveries and donations	16,046,040	16,386,900	18,124,173	1,737,273
Rental income	14,666,190	14,666,190	14,742,003	75,813
Miscellaneous	508,378	604,144	291,564	(312,580)
<b>Total revenues</b>	<b>193,846,033</b>	<b>194,582,659</b>	<b>201,584,928</b>	<b>7,002,269</b>
<b>Expenditures:</b>				
General Government:				
City Council	935,435	935,435	880,610	54,825
Clerk of the Council	644,225	644,225	553,160	91,065
City Attorney	2,067,716	2,067,716	1,822,508	245,208
City Manager	989,716	989,716	726,033	263,683
Nondepartmental	2,035,981	10,161,155	2,003,019	8,158,136
<b>Total General Government</b>	<b>6,673,073</b>	<b>14,798,247</b>	<b>5,985,330</b>	<b>8,812,917</b>
Human Resources	1,480,134	1,481,636	1,294,660	186,976
Finance and Management Services	3,897,654	3,899,985	2,673,388	1,226,597
Museum	1,521,425	1,521,425	1,513,418	8,007
Library	2,985,190	3,034,778	2,614,648	420,130
Recreation and Community Services	13,716,215	14,016,435	13,151,254	865,181
Police Department	105,642,648	105,899,238	102,097,720	3,801,518
Fire Department	48,137,536	48,137,536	52,438,287	(4,300,751)
Planning and Building	7,907,945	8,341,618	6,769,618	1,572,000
Public Works	4,283,197	4,643,178	5,213,933	(570,755)
Community Development	400,000	501,381	241,013	260,368
	189,971,944	191,477,210	188,007,939	3,469,271
Capital Outlay	3,353,618	3,353,618	-	3,353,618
Debt Service:				
Principal retirement	1,108,535	1,108,535	1,025,648	82,887
Interest and fiscal charges	759,597	759,597	786,945	(27,348)
<b>Total expenditures</b>	<b>201,866,767</b>	<b>211,497,207</b>	<b>195,805,862</b>	<b>15,691,345</b>
Excess (deficiency) of revenues over (under) expenditures	(8,020,734)	(16,914,548)	5,779,066	22,693,614
<b>Other financing sources (uses):</b>				
Transfers in	17,561,142	25,074,377	18,047,660	(7,026,717)
Transfers out	(12,526,805)	(12,526,805)	(10,804,413)	1,722,392
<b>Total other financing   sources (uses)</b>	<b>5,034,337</b>	<b>12,547,572</b>	<b>7,243,247</b>	<b>(5,304,325)</b>
Net change in fund balance	(2,986,397)	(4,366,976)	13,022,313	17,389,289
Fund balance - beginning	10,974,018	10,974,018	10,974,018	-
Fund balance - ending	\$ 7,987,621	6,607,042	23,996,331	\$ 17,389,289

See accompanying Notes to Required Supplementary Information.

**Special Revenue Housing Authority Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 31,153,605	31,153,605	30,569,336	\$ (584,269)
Investment income	80,000	80,000	36,541	(43,459)
Miscellaneous	24,000	24,000	538,091	514,091
Total revenues	<u>31,257,605</u>	<u>31,257,605</u>	<u>31,143,968</u>	<u>(113,637)</u>
<b>Expenditures:</b>				
Current:				
Community development	<u>30,797,605</u>	<u>31,621,621</u>	<u>31,209,954</u>	<u>411,667</u>
Net change in fund balance	<u>460,000</u>	<u>(364,016)</u>	<u>(65,986)</u>	<u>298,030</u>
Fund balance - beginning	<u>5,231,235</u>	<u>5,231,235</u>	<u>5,231,235</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,691,235</u>	<u>4,867,219</u>	<u>5,165,249</u>	<u>\$ 298,030</u>

See accompanying Notes to Required Supplementary Information.

**Special Revenue Gas Tax Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 9,550,315	9,550,315	9,917,799	\$ 367,484
Investment income	115,000	115,000	110,130	(4,870)
Cost recoveries and donations	-	-	112	112
Total revenues	<u>9,665,315</u>	<u>9,665,315</u>	<u>10,028,041</u>	<u>362,726</u>
<b>Expenditures:</b>				
Current:				
Public works	4,291,982	4,291,982	1,865,073	2,426,909
Capital Outlay	23,000	23,000	-	23,000
Debt Service:				
Principal retirement	1,125,000	1,125,000	1,170,000	(45,000)
Interest and fiscal charges	<u>3,098,000</u>	<u>3,098,000</u>	<u>3,014,382</u>	<u>83,618</u>
Total expenditures	<u>8,537,982</u>	<u>8,537,982</u>	<u>6,049,455</u>	<u>2,488,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,127,333</u>	<u>1,127,333</u>	<u>3,978,586</u>	<u>2,851,253</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(19,680,365)</u>	<u>(19,680,365)</u>	<u>(4,622,575)</u>	<u>15,057,790</u>
Total other financing sources (uses)	<u>(19,680,365)</u>	<u>(19,680,365)</u>	<u>(4,622,575)</u>	<u>15,057,790</u>
Net change in fund balance	(18,553,032)	(18,553,032)	(643,989)	17,909,043
Fund balance - beginning	<u>23,676,922</u>	<u>23,676,922</u>	<u>23,676,922</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,123,890</u>	<u>5,123,890</u>	<u>23,032,933</u>	<u>\$ 17,909,043</u>

See accompanying Notes to Required Supplementary Information.

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, YEAR ENDED JUNE 30, 2012**

**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 charge. 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, but are not required to be legally adopted by the City Council. The Asset Forfeiture Funds are not annually budgeted, per guidance from the Federal Department of Treasury, Executive Office of Asset Forfeiture. Monthly budgetary reports are prepared to effect control through fiscal management. Furthermore, although budgets are legally adopted for the Proprietary Funds of the City, there is no legal requirement for the fiscal year results to be reported to City Council. Therefore, no budgetary reporting for the Proprietary Funds has been presented in the accompanying financial statements. The City Council approved supplemental appropriations during the year in the General Fund and in other funds, but they were not considered material.

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, 2012, proceeds of taxes did not exceed related appropriations.

Budgetary Compliance. The total expenditures/expenses were within the legal prescribed limits as approved by the City Council. The Fire Department ended the fiscal year with \$4,300,751 deficit. The deficit is primarily due to higher than anticipated over-time expenditures and a delay in the transition of Fire Services over to the Orange County Fire Authority. The transition was successfully completed on April 20, 2012. Public Works expenditures were funded by higher than expected revenues.

**Required Supplementary Information**  
**Miscellaneous and Safety Plans**  
**Schedule of Funding Progress**  
**June 30, 2012**  
**(in thousands)**

Plan	Actuarial Valuation Date	(a) Entry Age Normal Actuarial Accrued Liability (AAL)	(b) Actuarial Value of Assets	(c) Unfunded Actuarial Accrued Liability (UAAL)	(b)/(a) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL As a % of Covered Payroll
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%
Miscellaneous	06/30/10	609,179	506,240	102,939	83.1%	66,693	154.3%
Safety	06/30/10	811,956	716,735	95,221	88.3%	60,380	157.7%
Miscellaneous	06/30/11	642,850	529,201	113,649	82.3%	60,016	189.4%
Safety	06/30/11	859,019	748,394	110,625	87.1%	59,969	184.5%

**Required Supplementary Information  
OPEB Schedule of Funding Progress  
June 30, 2012  
(in thousands)**

	Actuarial Valuation Date	(a) Entry Age Normal Actuarial Accrued Liability (AAL)	(b) Actuarial Value of Assets	(a)-(b)=(c) Unfunded/ Actuarial Accrued Liability (UAAL)	(b)/(a) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL As a % of Covered Payroll
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/CASA	06/30/10	7,590	-	7,590	0%	10,270	73.9%
Total		\$ 115,347	-	\$ 115,347	0%	\$ 152,604	75.6%
POA	06/30/11	49,545	-	49,545	0%	62,009	79.9%
PMA	06/30/11	1,856	-	1,856	0%	2,463	75.4%
FBA	06/30/11	28,007	-	28,007	0%	26,007	107.7%
SEIU	06/30/11	34,261	-	34,261	0%	55,640	61.6%
FMA	06/30/11	918	-	918	0%	841	109.2%
SAMA/CASA	06/30/11	8,133	-	8,133	0%	10,604	76.7%
Total		\$ 122,720	-	\$ 122,720	0%	\$ 157,564	77.9%
POA	06/30/12	- (1)	-	-	0%	-	0.0%
PMA	06/30/12	2,003	-	2,003	0%	2,339	85.6%
FBA	06/30/12	3,097 (2)	-	3,097	0%	18,328	16.9%
SEIU	06/30/12	28,381	-	28,381	0%	33,428	84.9%
FMA	06/30/12	120 (2)	-	120	0%	705	17.0%
SAMA/CASA	06/30/12	8,980	-	8,980	0%	11,430	78.6%
Total		\$ 42,581	-	\$ 42,581	0%	\$ 66,230	64.3%

(1) POA has full fiscal obligations of the plan and it is not an OPEB obligation of the City under GASB 45

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



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report



CITY OF SANTA ANA, CALIFORNIA

# **Supplementary Schedules**



**Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Total
<b>Assets</b>			
Cash and investments	\$ 6,828,234	9,235,838	\$ 16,064,072
Receivables:			
Interest	3,080	4,139	7,219
Intergovernmental	697,064	1,380,024	2,077,088
<b>Total assets</b>	<b>\$ 7,528,378</b>	<b>10,620,001</b>	<b>\$ 18,148,379</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 156,292	302,628	\$ 458,920
Retention payable	-	41,145	41,145
Due to other funds	175,989	1,284,346	1,460,335
Deferred revenues	596,350	789,597	1,385,947
<b>Total liabilities</b>	<b>928,631</b>	<b>2,417,716</b>	<b>3,346,347</b>
<b>Fund balances:</b>			
<b>Restricted for:</b>			
Community development	-	945,988	945,988
Public safety	244,591	-	244,591
Drainage construction	-	4,792,400	4,792,400
Other capital projects	5,988,237	-	5,988,237
Cultural recreation and community services	634,245	3,418,612	4,052,857
Unassigned	(267,326)	(954,715)	(1,222,041)
<b>Total fund balances</b>	<b>6,599,747</b>	<b>8,202,285</b>	<b>14,802,032</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,528,378</b>	<b>10,620,001</b>	<b>\$ 18,148,379</b>

**Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Year ended June 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Taxes	\$ -	195,789	\$ 195,789
Intergovernmental	2,457,346	1,356,928	3,814,274
Charges for services	639,137	300,345	939,482
Investment income	43,789	61,339	105,128
Cost recoveries	476,627	366,492	843,119
Miscellaneous	1,815	115,360	117,175
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>3,618,714</u>	<u>2,396,253</u>	<u>6,014,967</u>
<b>Expenditures:</b>			
Current:			
Human resources	201,406	-	201,406
Recreation and community services	1,900,052	634,256	2,534,308
Police department	1,675,032	-	1,675,032
Planning and building	123,383	-	123,383
Public works	-	137,429	137,429
Community Development	-	235,790	235,790
Capital outlay	115,688	1,459,208	1,574,896
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>4,015,561</u>	<u>2,466,683</u>	<u>6,482,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(396,847)</u>	<u>(70,430)</u>	<u>(467,277)</u>
<b>Other financing sources:</b>			
Transfers in	600,000	-	600,000
	<u>          </u>	<u>          </u>	<u>          </u>
Total other financing sources (uses)	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Net change in fund balances	203,153	(70,430)	132,723
Fund balances - beginning	<u>6,396,594</u>	<u>8,272,715</u>	<u>14,669,309</u>
Fund balances - ending	<u>\$ 6,599,747</u>	<u>8,202,285</u>	<u>\$ 14,802,032</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, 2012**

	Sewer Connection Fee	Civic Center & Maintenance
<b>Assets</b>		
Cash and investments	\$ 6,003,111	-
Receivables:		
Interest	2,688	-
Intergovernmental	-	596,350
Total assets	\$ 6,005,799	596,350
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	17,562	91,337
Due to other funds	-	175,989
Deferred revenues	-	596,350
Total liabilities	17,562	863,676
Fund balances (deficit):		
Restricted for:		
Public safety	-	-
Other capital projects	5,988,237	-
Cultural recreation and community services	-	-
Unassigned:	-	(267,326)
Total fund balance (deficit)	5,988,237	(267,326)
Total liabilities and fund balance	\$ 6,005,799	596,350

NONMAJOR SPECIAL REVENUE FUNDS

Inmate Welfare	Air Quality Improvement	Total
287,243	537,880	\$ 6,828,234
141	251	3,080
-	100,714	697,064
<u>287,384</u>	<u>638,845</u>	<u>\$ 7,528,378</u>
42,793	4,600	156,292
-	-	175,989
-	-	596,350
<u>42,793</u>	<u>4,600</u>	<u>928,631</u>
244,591	-	244,591
-	-	5,988,237
-	634,245	634,245
-	-	(267,326)
<u>244,591</u>	<u>634,245</u>	<u>6,599,747</u>
<u>287,384</u>	<u>638,845</u>	<u>\$ 7,528,378</u>

**Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year ended June 30, 2012**

	Sewer Connection Fee	Civic Center & Maintenance	Inmate Welfare	Air Quality Maintenance	Total
<b>Revenues:</b>					
Intergovernmental	\$ -	2,049,351	-	407,995	\$ 2,457,346
Charges for services	639,137	-	-	-	639,137
Investment income	39,042	-	2,279	2,468	43,789
Cost recoveries	-	-	476,627	-	476,627
Miscellaneous	-	-	-	1,815	1,815
Total revenues	<u>678,179</u>	<u>2,049,351</u>	<u>478,906</u>	<u>412,278</u>	<u>3,618,714</u>
<b>Expenditures:</b>					
Current:					
Human resources	-	-	-	201,406	201,406
Recreation and community services	-	1,900,052	-	-	1,900,052
Police department	-	1,117,738	557,294	-	1,675,032
Planning and building	-	-	-	123,383	123,383
Capital Outlay	115,688	-	-	-	115,688
Total expenditures	<u>115,688</u>	<u>3,017,790</u>	<u>557,294</u>	<u>324,789</u>	<u>4,015,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>562,491</u>	<u>(968,439)</u>	<u>(78,388)</u>	<u>87,489</u>	<u>(396,847)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	600,000	-	-	600,000
Total other financing sources (uses)	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>600,000</u>
Net change in fund balances	562,491	(368,439)	(78,388)	87,489	203,153
Fund balance - beginning	<u>5,425,746</u>	<u>101,113</u>	<u>322,979</u>	<u>546,756</u>	<u>6,396,594</u>
Fund balance (deficit) - ending	<u>\$ 5,988,237</u>	<u>(267,326)</u>	<u>244,591</u>	<u>634,245</u>	<u>\$ 6,599,747</u>

**Nonmajor Special Revenue Funds  
Sewer Connection Fee  
Budgetary Comparison Schedule  
Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 2,000,000	2,000,000	639,137	\$ (1,360,863)
Investment income	-	-	39,042	39,042
Total revenues	2,000,000	2,000,000	678,179	(1,321,821)
<b>Expenditures:</b>				
Capital Outlay	2,000,000	7,425,746	115,688	7,310,058
Total expenditures	2,000,000	7,425,746	115,688	7,310,058
Excess (deficiency) of revenues over (under) expenditures	-	(5,425,746)	562,491	5,988,237
Net change in fund balance	-	(5,425,746)	562,491	5,988,237
Fund balance - beginning	5,425,746	5,425,746	5,425,746	-
Fund balance - ending	\$ 5,425,746	-	5,988,237	\$ 5,988,237



**Nonmajor Special Revenue Funds  
Civic Center & Maintenance  
Budgetary Comparison Schedule  
Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 2,738,580	3,009,243	2,049,351	\$ (959,892)
Total revenues	2,738,580	3,009,243	2,049,351	(959,892)
<b>Expenditures:</b>				
Current:				
Recreation and community services	2,186,470	2,248,673	1,900,052	348,621
Police department	1,152,110	1,152,100	1,117,738	34,362
Total expenditures	3,338,580	3,400,773	3,017,790	382,983
Excess (deficiency) of revenues over (under) expenditures	(600,000)	(391,530)	(968,439)	(576,909)
<b>Other financing sources (uses):</b>				
Transfers in	600,000	600,000	600,000	-
Total other financing sources (uses)	600,000	600,000	600,000	-
Net change in fund balance	-	208,470	(368,439)	(576,909)
Fund balance (deficit) - beginning	101,113	101,113	101,113	-
Fund balance (deficit) - ending	\$ 101,113	309,583	(267,326)	\$ (576,909)

**Nonmajor Special Revenue Funds**  
**Inmate Welfare Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Investment income	\$ 10,000	10,000	2,279	\$ (7,721)
Cost recoveries	450,000	450,000	476,627	26,627
Total revenues	460,000	460,000	478,906	18,906
<b>Expenditures:</b>				
Current:				
Police department	760,000	777,579	557,294	220,285
Total expenditures	760,000	777,579	557,294	220,285
Excess (deficiency) of revenues over (under) expenditures	(300,000)	(317,579)	(78,388)	239,191
Net change in fund balance	(300,000)	(317,579)	(78,388)	239,191
Fund balance - beginning	322,979	322,979	322,979	-
Fund balance - ending	\$ 22,979	5,400	244,591	\$ 239,191

CITY OF SANTA ANA

**Nonmajor Special Revenue Funds  
Air Quality Improvement  
Budgetary Comparison Schedule  
Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 881,965	881,965	407,995	\$ (473,970)
Investment income	300	300	2,468	2,168
Miscellaneous	1,850	1,850	1,815	(35)
Total revenues	884,115	884,115	412,278	(471,837)
<b>Expenditures:</b>				
Current:				
Human resources	328,615	328,615	201,406	127,209
Finance and management services	200,000	200,000	-	200,000
Planning and building	355,500	355,500	123,383	232,117
Total expenditures	884,115	884,115	324,789	559,326
Excess (deficiency) of revenues over (under) expenditures	-	-	87,489	87,489
Net change in fund balance	-	-	87,489	87,489
Fund balance - beginning	546,756	546,756	546,756	-
Fund balance - ending	\$ 546,756	546,756	634,245	\$ 87,489

### **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, 2012**

	Capital Grants	Drainage Construction
<b>Assets</b>		
Cash and investments	\$ -	4,790,276
Receivables:		
Interest	-	2,124
Intergovernmental	1,380,024	-
Total assets	<u>1,380,024</u>	<u>4,792,400</u>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	227,399	-
Retention payable	33,397	-
Due to other funds	1,284,346	-
Deferred revenues	789,597	-
Total liabilities	<u>2,334,739</u>	<u>-</u>
Fund balances (deficit):		
Restricted for:		
Community development	-	-
Drainage construction	-	4,792,400
Cultural recreation and community services	-	-
Unassigned:	<u>(954,715)</u>	<u>-</u>
Total fund balances (deficit)	<u>(954,715)</u>	<u>4,792,400</u>
Total liabilities and fund balances	<u>\$ 1,380,024</u>	<u>4,792,400</u>

## Nonmajor Capital Projects Funds

Park Acquisitions & Development	Inclusionary Housing Fee	Total
3,499,660	945,902	\$ 9,235,838
1,581	434	4,139
-	-	1,380,024
<u>3,501,241</u>	<u>946,336</u>	<u>10,620,001</u>
74,881	348	302,628
7,748	-	41,145
-	-	1,284,346
-	-	789,597
<u>82,629</u>	<u>348</u>	<u>2,417,716</u>
-	945,988	945,988
-	-	4,792,400
3,418,612	-	3,418,612
-	-	(954,715)
<u>3,418,612</u>	<u>945,988</u>	<u>8,202,285</u>
<u>3,501,241</u>	<u>946,336</u>	<u>\$ 10,620,001</u>

**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2012**

	Capital Grants	Drainage Construction
<b>Revenues:</b>		
Taxes	\$ -	195,789
Intergovernmental	1,356,928	-
Charges for services	-	-
Investment income	40	31,658
Cost recoveries	-	-
Miscellaneous	-	-
Total revenues	<u>1,356,968</u>	<u>227,447</u>
<b>Expenditures:</b>		
Current:	\$	
Recreation and Community Services	400,133	-
Public Works	124,117	13,312
Community Development	-	-
Capital outlay	<u>1,187,650</u>	<u>2,424</u>
Total expenditures	<u>1,711,900</u>	<u>15,736</u>
Net change in fund balances	<u>(354,932)</u>	<u>211,711</u>
Fund balances (deficit) - beginning	<u>(599,783)</u>	<u>4,580,689</u>
Fund balances (deficit) - ending	<u><u>\$ (954,715)</u></u>	<u><u>4,792,400</u></u>

**NONMAJOR CAPITAL PROJECTS FUNDS**

Park Acquisitions & Development	Inclusionary Housing Fee	Total
-	-	\$ 195,789
-	-	1,356,928
300,345	-	300,345
22,629	7,012	61,339
366,492	-	366,492
-	115,360	115,360
<u>689,466</u>	<u>122,372</u>	<u>2,396,253</u>
234,123	-	634,256
-	-	137,429
-	235,790	235,790
269,134	-	1,459,208
<u>503,257</u>	<u>235,790</u>	<u>2,466,683</u>
186,209	(113,418)	(70,430)
<u>3,232,403</u>	<u>1,059,406</u>	<u>8,272,715</u>
<u><u>3,418,612</u></u>	<u><u>945,988</u></u>	<u><u>\$ 8,202,285</u></u>





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.

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, 2012**

	<u>Refuse Collections</u>	<u>Transportation Center</u>
<b>Assets:</b>		
Current assets:		
Cash and investments	\$ 2,064,275	342,049
Receivables:		
Taxes	-	-
Accounts	1,931,958	-
Allowance for uncollectible accounts	(24,413)	-
Intergovernmental	182,505	-
Interest	1,745	302
Total current assets	<u>4,156,070</u>	<u>342,351</u>
Noncurrent assets:		
Capital assets:		
Land	-	3,792,491
Buildings	-	8,607,909
Improvements other than buildings	-	3,462,519
Equipment	-	-
Parking structures	-	4,817,296
Construction work in progress	-	76,950
Less accumulated depreciation	-	(9,656,870)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>11,100,295</u>
Total noncurrent assets	<u>-</u>	<u>11,100,295</u>
Total assets	<u>4,156,070</u>	<u>11,442,646</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	107,288	71,043
Compensated absences payable (current portion)	3,546	-
Deposits payable	-	11,000
Total current liabilities	<u>110,834</u>	<u>82,043</u>
Noncurrent liabilities:		
Compensated absences payable	10,637	-
Postemployment benefits obligation	29,125	4,107
Total noncurrent liabilities	<u>39,762</u>	<u>4,107</u>
Total liabilities	<u>150,596</u>	<u>86,150</u>
<b>Net assets:</b>		
Invested in capital assets	-	11,100,295
Restricted for:		
National Pollution Discharge Elimination System	-	-
Unrestricted	4,005,474	256,201
Total net assets	<u>\$ 4,005,474</u>	<u>11,356,496</u>

NONMAJOR ENTERPRISE FUNDS

Sanitation	Federal Clean Water Protection	Total
1,438,449	2,303,055	\$ 6,147,828
11,233	-	11,233
1,247,477	203,290	3,382,725
(8,395)	-	(32,808)
-	-	182,505
1,614	1,943	5,604
<u>2,690,378</u>	<u>2,508,288</u>	<u>9,697,087</u>
-	-	3,792,491
-	-	8,607,909
-	547,015	4,009,534
51,630	-	51,630
-	-	4,817,296
-	-	76,950
(33,990)	(107,124)	(9,797,984)
<u>17,640</u>	<u>439,891</u>	<u>11,557,826</u>
<u>17,640</u>	<u>439,891</u>	<u>11,557,826</u>
<u>2,708,018</u>	<u>2,948,179</u>	<u>21,254,913</u>
76,114	58,976	313,421
128,847	7,514	139,907
-	-	11,000
<u>204,961</u>	<u>66,490</u>	<u>464,328</u>
386,541	22,541	419,719
<u>406,561</u>	<u>97,225</u>	<u>537,018</u>
<u>793,102</u>	<u>119,766</u>	<u>956,737</u>
<u>998,063</u>	<u>186,256</u>	<u>1,421,065</u>
17,640	439,891	11,557,826
-	2,322,032	2,322,032
1,692,315	-	5,953,990
<u>1,709,955</u>	<u>2,761,923</u>	<u>\$ 19,833,848</u>

**Nonmajor Enterprise Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Year ended June 30, 2012**

	Refuse Collections	Transportation Center
Operating revenues:		
Charges for services	\$ 9,627,915	783,498
Miscellaneous	6,632,897	5,185
Total operating revenues	<u>16,260,812</u>	<u>788,683</u>
Operating expenses:		
Personal services	256,951	-
Contractual services	7,871,840	753,126
Materials and supplies	3,386	26,655
Other services and charges	7,891,680	77,915
Depreciation	-	422,193
Total operating expenses	<u>16,023,857</u>	<u>1,279,889</u>
Operating income (loss)	<u>236,955</u>	<u>(491,206)</u>
Nonoperating revenues (expenses):		
Intergovernmental	276,044	-
Investment earnings	11,786	2,174
Total nonoperating revenues (expenses)	<u>287,830</u>	<u>2,174</u>
Change in net assets	524,785	(489,032)
Net assets - beginning	<u>3,480,689</u>	<u>11,845,528</u>
Net assets - ending	<u>\$ 4,005,474</u>	<u>11,356,496</u>

**NONMAJOR ENTERPRISE FUND**

Sanitation	Federal Clean Water Protection	Total
7,963,123	2,666,659	\$ 21,041,195
4,304	66,120	6,708,506
<u>7,967,427</u>	<u>2,732,779</u>	<u>27,749,701</u>
3,983,903	531,009	4,771,863
1,275,150	845,089	10,745,205
77,301	1,537	108,879
3,075,711	232,252	11,277,558
5,163	27,351	454,707
<u>8,417,228</u>	<u>1,637,238</u>	<u>27,358,212</u>
(449,801)	1,095,541	391,489
-	-	276,044
10,775	12,858	37,593
<u>10,775</u>	<u>12,858</u>	<u>313,637</u>
(439,026)	1,108,399	705,126
2,148,981	1,653,524	19,128,722
<u>1,709,955</u>	<u>2,761,923</u>	<u>\$ 19,833,848</u>

**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**Year ended June 30, 2012**

	Refuse Collections	Transportation Center
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 9,440,055	783,498
Receipts from other operating sources	6,632,897	5,185
Payments to suppliers for goods and services	(15,712,184)	(880,495)
Payments to employees	(247,078)	-
Net cash provided by (used for) operating activities	<u>113,690</u>	<u>(91,812)</u>
<b>Cash flows from noncapital financing activities:</b>		
Intergovernment contribution	<u>276,044</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	<u>-</u>	<u>(76,950)</u>
Net cash used for capital and related financing activities	<u>-</u>	<u>(76,950)</u>
<b>Cash flows from investing activities:</b>		
Interest received	<u>13,091</u>	<u>3,062</u>
Net cash provided by investing activities	<u>13,091</u>	<u>3,062</u>
Net increase (decrease) in cash and cash equivalents	402,825	(165,700)
Cash and cash equivalents - beginning	<u>1,661,450</u>	<u>507,749</u>
Cash and cash equivalents - ending	<u>\$ 2,064,275</u>	<u>342,049</u>

NONMAJOR ENTERPRISE FUNDS

Page 2 of 4

Sanitation	Federal Clean Water Protection	Total
7,975,477	2,500,526	\$ 20,699,556
4,304	-	6,642,386
(4,665,595)	(891,917)	(22,150,191)
(3,823,794)	(593,774)	(4,664,646)
(509,608)	1,014,835	527,105
-	-	276,044
-	-	(76,950)
-	-	(76,950)
13,313	10,648	40,114
13,313	10,648	40,114
(496,295)	1,025,483	766,313
1,934,744	1,277,572	5,381,515
1,438,449	2,303,055	\$ 6,147,828

Continued



**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**Year ended June 30, 2012**

	<u>Refuse Collections</u>	<u>Transportation Center</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ 236,955	(491,206)
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	(187,860)	-
Increase (decrease) in accounts payable	54,722	(22,799)
Increase (decrease) in compensated absences payable	2,211	-
Increase (decrease) in postemployment benefits obligation	7,662	-
Net cash provided by (used for) operating activities	<u>\$ 113,690</u>	<u>(91,812)</u>

---

<u>Sanitation</u>	<u>Federal Clean Water Protection</u>		<u>Total</u>
(449,801)	1,095,541	\$	391,489
5,163	27,351		454,707
12,354	-		(175,506)
(237,433)	(45,292)		(250,802)
64,228	16,804		83,243
95,881	(79,569)		23,974
<u>(509,608)</u>	<u>1,014,835</u>	\$	<u>527,105</u>



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report

---

### Internal Service Funds

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

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

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

Equipment Maintenance and Replacement - For the provision of maintenance on, materials and supplies for, and replacement of, City vehicles and other gasoline or diesel-powered equipment, 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, 2012**

	Central Services	Building Maintenance	Equipment Maintenance and Replacement
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 798,188	2,289,433	7,048,637
Accounts	-	-	-
Interest	711	-	6,048
Due from other funds	-	-	-
Inventory of supplies	22,000	-	810,766
Total current assets	<u>820,899</u>	<u>2,289,433</u>	<u>7,865,451</u>
Noncurrent assets:			
Advances to other funds	-	-	220,000
Restricted cash and investments	-	-	-
Capital assets:			
Improvements other than buildings	-	602,886	-
Equipment	326,753	21,104	24,272,243
Other Assets	-	-	-
Less accumulated depreciation	(292,839)	(623,990)	(20,443,754)
Total capital assets (net of accumulated depreciation)	<u>33,914</u>	<u>-</u>	<u>3,828,489</u>
Total noncurrent assets	<u>33,914</u>	<u>-</u>	<u>4,048,489</u>
Total assets	<u>854,813</u>	<u>2,289,433</u>	<u>11,913,940</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	16,425	116,900	252,020
Compensated absences payable (current portion)	5,607	38,235	82,813
Claims payable (current portion)	-	-	-
Capital lease payable (current portion)	-	-	-
Total current liabilities	<u>22,032</u>	<u>155,135</u>	<u>334,833</u>
Noncurrent liabilities:			
Compensated absences payable	16,820	114,704	248,438
Claims payable	-	-	-
Postemployment benefits obligation	29,884	153,330	348,072
Total noncurrent liabilities	<u>46,704</u>	<u>268,034</u>	<u>596,510</u>
Total liabilities	<u>68,736</u>	<u>423,169</u>	<u>931,343</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	33,914	-	3,828,489
Unrestricted	752,163	1,866,264	7,154,108
Total net assets	<u>\$ 786,077</u>	<u>1,866,264</u>	<u>10,982,597</u>

INTERNAL SERVICE FUNDS

Page 2 of 3

Liability and Property Insurance	Employee Group Insurance	Workers Compensation	Information and Communications Services	City Yard Operations
25,703,358	2,766,874	20,246,194	12,583,594	185,500
-	-	-	-	-
24,897	2,138	24,170	11,170	173
1,460,335	-	-	-	-
-	-	-	-	-
<u>27,188,590</u>	<u>2,769,012</u>	<u>20,270,364</u>	<u>12,594,764</u>	<u>185,673</u>
-	-	2,920,000	-	-
-	298,202	-	-	-
-	-	-	-	256,131
-	15,754	-	7,597,223	68,201
-	-	-	6,244,193	-
-	(15,754)	-	(7,421,710)	(104,094)
-	-	-	6,419,706	220,238
-	298,202	2,920,000	6,419,706	220,238
<u>27,188,590</u>	<u>3,067,214</u>	<u>23,190,364</u>	<u>19,014,470</u>	<u>405,911</u>
150,582	29,428	36,781	227,353	23,222
4,471	11,437	19,490	84,431	-
2,225,000	-	5,500,000	-	-
-	-	-	1,074,235	-
<u>2,380,053</u>	<u>40,865</u>	<u>5,556,271</u>	<u>1,386,019</u>	<u>23,222</u>
13,413	34,309	58,469	253,291	-
4,709,907	-	14,862,582	-	-
47,240	75,447	126,288	234,397	-
<u>4,770,560</u>	<u>109,756</u>	<u>15,047,339</u>	<u>487,688</u>	<u>-</u>
<u>7,150,613</u>	<u>150,621</u>	<u>20,603,610</u>	<u>1,873,707</u>	<u>23,222</u>
-	-	-	5,345,470	220,238
<u>20,037,977</u>	<u>2,916,593</u>	<u>2,586,754</u>	<u>11,795,293</u>	<u>162,451</u>
<u>20,037,977</u>	<u>2,916,593</u>	<u>2,586,754</u>	<u>17,140,763</u>	<u>382,689</u>

Continued

**Internal Service Funds**  
**Combining Statement of Net Assets**  
**June 30, 2012**

	Engineering and Administrative Services	Quality Service Training	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 1,573,083	399,332	\$ 73,594,193
Accounts	10,000	-	10,000
Interest	1,563	358	71,228
Due from other funds	-	-	1,460,335
Inventory of supplies	-	-	832,766
Total current assets	<u>1,584,646</u>	<u>399,690</u>	<u>75,968,522</u>
Noncurrent assets:			
Advances to other funds	-	-	3,140,000
Restricted cash and investments	-	-	298,202
Capital assets:			
Improvements other than buildings	-	-	859,017
Equipment	265,632	-	32,566,910
Other Assets	-	-	6,244,193
Less accumulated depreciation	(191,253)	-	(29,093,394)
Total capital assets (net of accumulated depreciation)	<u>74,379</u>	<u>-</u>	<u>10,576,726</u>
Total noncurrent assets	<u>74,379</u>	<u>-</u>	<u>14,014,928</u>
Total assets	<u>1,659,025</u>	<u>399,690</u>	<u>89,983,450</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	48,746	-	901,457
Compensated absences payable (current portion)	203,964	-	450,448
Claims payable (current portion)	-	-	7,725,000
Capital lease payable (current portion)	-	-	1,074,235
Total current liabilities	<u>252,710</u>	<u>-</u>	<u>10,151,140</u>
Noncurrent liabilities:			
Compensated absences payable	611,893	-	1,351,337
Claims payable	-	-	19,572,489
Postemployment benefits obligation	1,158,575	-	2,173,233
Total noncurrent liabilities	<u>1,770,468</u>	<u>-</u>	<u>23,097,059</u>
Total liabilities	<u>2,023,178</u>	<u>-</u>	<u>33,248,199</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	74,379	-	9,502,490
Unrestricted	(438,532)	399,690	47,232,761
Total net assets	<u>\$ (364,153)</u>	<u>399,690</u>	<u>\$ 56,735,251</u>



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report



**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Year ended June 30, 2012**

	Central Services	Building Maintenance	Equipment Maintenance and Replacement
Operating revenues:			
Charges for services	\$ 770,120	3,795,727	9,694,226
Miscellaneous	-	-	699,687
Total operating revenues	<u>770,120</u>	<u>3,795,727</u>	<u>10,393,913</u>
Operating expenses:			
Cost of goods sold	-	-	1,868,474
Personal services	243,085	1,367,385	2,845,589
Contractual services	192,824	1,466,636	827,913
Materials and supplies	283,545	130,792	2,247,875
Other services and charges	132,823	188,205	948,427
Administration	-	-	-
Insurance	-	-	-
Provision for self-insured losses	-	-	-
Depreciation	7,768	6,280	1,335,187
Total operating expenses	<u>860,045</u>	<u>3,159,298</u>	<u>10,073,465</u>
Operating income (loss)	<u>(89,925)</u>	<u>636,429</u>	<u>320,448</u>
Nonoperating revenues (expenses):			
Net increase (decrease) in the fair value of investment	-	-	18,368
Investment earnings	5,444	-	43,936
Interest expense	-	-	-
Total nonoperating revenues (expenses)	<u>5,444</u>	<u>-</u>	<u>62,304</u>
Income (loss) before transfers	(84,481)	636,429	382,752
Transfers in	-	-	-
Transfers out	-	(196,118)	-
Change in net assets	(84,481)	440,311	382,752
Net assets - beginning	<u>870,558</u>	<u>1,425,953</u>	<u>10,599,845</u>
Net assets - ending	<u>\$ 786,077</u>	<u>1,866,264</u>	<u>10,982,597</u>

Liability and Property Insurance	Employee Group Insurance	Workers Compensation	Information and Communications Services	City Yard Operations
8,616,969	19,227,737	8,794,795	4,206,170	956,905
-	2,353,278	286,378	29,064	-
<u>8,616,969</u>	<u>21,581,015</u>	<u>9,081,173</u>	<u>4,235,234</u>	<u>956,905</u>
-	-	-	-	-
-	-	-	1,670,566	53,767
-	-	-	3,682,544	272,924
-	-	-	229,212	24,643
-	-	-	342,301	639,042
2,621,462	1,599,304	2,137,167	-	-
1,424,233	18,381,759	214,120	-	-
4,184,483	1,767,580	5,892,320	-	-
-	-	-	271,329	17,662
<u>8,230,178</u>	<u>21,748,643</u>	<u>8,243,607</u>	<u>6,195,952</u>	<u>1,008,038</u>
<u>386,791</u>	<u>(167,628)</u>	<u>837,566</u>	<u>(1,960,718)</u>	<u>(51,133)</u>
(19,408)	-	(14,099)	-	-
174,412	15,997	175,288	116,064	1,412
-	-	-	(55,012)	-
<u>155,004</u>	<u>15,997</u>	<u>161,189</u>	<u>61,052</u>	<u>1,412</u>
541,795	(151,631)	998,755	(1,899,666)	(49,721)
-	-	-	2,662,230	-
<u>(6,039,160)</u>	<u>-</u>	<u>(9,674,075)</u>	<u>-</u>	<u>-</u>
(5,497,365)	(151,631)	(8,675,320)	762,564	(49,721)
<u>25,535,342</u>	<u>3,068,224</u>	<u>11,262,074</u>	<u>16,378,199</u>	<u>432,410</u>
<u>20,037,977</u>	<u>2,916,593</u>	<u>2,586,754</u>	<u>17,140,763</u>	<u>382,689</u>

Continued

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Year ended June 30, 2012**

	Engineering and Administrative Services	Quality Service Training	Total
Operating revenues:			
Charges for services	\$ 9,843,048	38,980	\$ 65,944,677
Miscellaneous	684,533	-	4,052,940
Total operating revenues	<u>10,527,581</u>	<u>38,980</u>	<u>69,997,617</u>
Operating expenses:			
Cost of goods sold	-	-	1,868,474
Personal services	8,304,474	-	14,484,866
Contractual services	995,328	-	7,438,169
Materials and supplies	96,332	-	3,012,399
Other services and charges	1,647,487	-	3,898,285
Administration	-	-	6,357,933
Insurance	-	-	20,020,112
Provision for self-insured losses	-	-	11,844,383
Depreciation	24,040	-	1,662,266
Total operating expenses	<u>11,067,661</u>	<u>-</u>	<u>70,586,887</u>
Operating income (loss)	<u>(540,080)</u>	<u>38,980</u>	<u>(589,270)</u>
Nonoperating revenues (expenses):			
Net increase (decrease) in the fair value of investment	-	-	(15,139)
Investment earnings	12,017	2,662	547,232
Interest expense	-	-	(55,012)
Total nonoperating revenues (expenses)	<u>12,017</u>	<u>2,662</u>	<u>477,081</u>
Income (loss) before transfers	(528,063)	41,642	(112,189)
Transfers in	10,000	-	2,672,230
Transfers out	<u>(305,019)</u>	<u>-</u>	<u>(16,214,372)</u>
Change in net assets	(823,082)	41,642	(13,654,331)
Net assets - beginning	<u>458,929</u>	<u>358,048</u>	<u>70,389,582</u>
Net assets (deficit) - ending	<u>\$ (364,153)</u>	<u>\$ 399,690</u>	<u>\$ 56,735,251</u>



CITY OF SANTA ANA, CALIFORNIA  
Comprehensive  
Annual Financial Report

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year ended June 30, 2012**

	Central Services	Building Maintenance	Equipment Maintenance and Replacement
<b>Cash flows from operating activities:</b>			
Receipts from interfund services provided	\$ 770,120	3,795,727	9,694,226
Receipts from other operating sources	-	-	699,687
Payments to suppliers for goods and services	(483,806)	(1,667,744)	(4,802,342)
Payments for interfund services used	(132,823)	(188,205)	(948,427)
Payments to employees	(231,425)	(1,328,930)	(2,778,704)
Net cash provided by (used for) operating activities	<u>(77,934)</u>	<u>610,848</u>	<u>1,864,440</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers in	-	-	-
Transfers out	-	(196,118)	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>(196,118)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	-	-	(737,096)
Retirement of long-term debt	-	-	-
Interest paid	-	-	-
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(737,096)</u>
<b>Cash flows from investing activities:</b>			
Interest received	6,234	-	48,052
Increase (decrease) in the fair value of investment	-	-	18,368
Net cash provided by investing activities	<u>6,234</u>	<u>-</u>	<u>66,420</u>
Net increase (decrease) in cash and cash equivalents	(71,700)	414,730	1,193,764
Cash and cash equivalents - beginning	869,888	1,874,703	5,854,873
Cash and cash equivalents - ending (Includes restricted cash and investments)	<u>\$ 798,188</u>	<u>2,289,433</u>	<u>7,048,637</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (89,925)	636,429	320,448
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	7,768	6,280	1,335,187
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	-	-	-
Decrease (increase) in inventory of supplies	(1,922)	-	255,135
Increase (decrease) in accounts payable	(5,514)	(70,317)	(113,215)
Increase (decrease) in compensated absences payable	2,787	7,984	(17,097)
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in postemployment benefits obligation	8,872	30,472	83,982
Net cash provided by (used for) operating activities	<u>\$ (77,934)</u>	<u>610,848</u>	<u>1,864,440</u>
<b>Noncash investing, capital, and financing activities:</b>			
Increase (decrease) in fair value of investments	<u>\$ -</u>	<u>-</u>	<u>18,368</u>

INTERNAL SERVICE FUNDS

Liability and Property Insurance	Employee Group Insurance	Workers Compensation	Information and Communications Services	City Yard Operations
8,616,969	19,227,737	8,794,795	4,206,170	956,905
-	2,353,278	286,378	29,064	-
(6,469,554)	(21,121,791)	(6,235,218)	(3,889,961)	(284,262)
-	-	-	(342,301)	(639,042)
(420,159)	(568,927)	(1,062,991)	(1,509,774)	(53,767)
<u>1,727,256</u>	<u>(109,703)</u>	<u>1,782,964</u>	<u>(1,506,802)</u>	<u>(20,166)</u>
-	-	-	2,662,230	-
(6,039,160)	-	(9,674,075)	-	-
<u>(6,039,160)</u>	<u>-</u>	<u>(9,674,075)</u>	<u>2,662,230</u>	<u>-</u>
-	-	-	(306,563)	-
-	-	-	(1,043,130)	-
-	-	-	(55,012)	-
-	-	-	(1,404,705)	-
204,593	17,672	200,939	126,654	1,607
(19,408)	-	(14,099)	-	-
<u>185,185</u>	<u>17,672</u>	<u>186,840</u>	<u>126,654</u>	<u>1,607</u>
(4,126,719)	(92,031)	(7,704,271)	(122,623)	(18,559)
<u>29,830,077</u>	<u>3,157,107</u>	<u>27,950,465</u>	<u>12,706,217</u>	<u>204,059</u>
<u>25,703,358</u>	<u>3,065,076</u>	<u>20,246,194</u>	<u>12,583,594</u>	<u>185,500</u>
386,791	(167,628)	837,566	(1,960,718)	(51,133)
-	-	-	271,329	17,662
(657,668)	-	-	-	-
-	-	-	-	-
(149,511)	25,988	25,490	21,797	13,305
15,745	15,247	(1,269)	105,981	-
2,122,259	-	897,471	-	-
9,640	16,690	23,706	54,809	-
<u>1,727,256</u>	<u>(109,703)</u>	<u>1,782,964</u>	<u>(1,506,802)</u>	<u>(20,166)</u>
<u>(19,408)</u>	<u>-</u>	<u>(14,099)</u>	<u>-</u>	<u>-</u>

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year ended June 30, 2012**

	Engineering and Administrative Services	Quality Service Training	Total
<b>Cash flows from operating activities:</b>			
Receipts from interfund services provided	\$ 9,843,048	38,980	\$ 65,944,677
Receipts from other operating sources	684,533	-	4,052,940
Payments to suppliers for goods and services	(2,728,345)	-	(47,683,023)
Payments for interfund services used	-	-	(2,250,798)
Payments to employees	(8,196,733)	-	(16,151,410)
Net cash provided by (used for) operating activities	<u>(397,497)</u>	<u>38,980</u>	<u>3,912,386</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers in	10,000	-	2,672,230
Transfers out	(305,019)	-	(16,214,372)
Net cash provided by (used for) noncapital financing activities	<u>(295,019)</u>	<u>-</u>	<u>(13,542,142)</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(9,300)	-	(1,052,959)
Retirement of long-term debt	-	-	(1,043,130)
Interest paid	-	-	(55,012)
Net cash used for capital and related financing activities	<u>(9,300)</u>	<u>-</u>	<u>(2,151,101)</u>
<b>Cash flows from investing activities:</b>			
Interest received	14,484	2,851	623,086
Increase (decrease) in the fair value of investment	-	-	(15,139)
Net cash provided by investing activities	<u>14,484</u>	<u>2,851</u>	<u>607,947</u>
Net increase (decrease) in cash and cash equivalents	(687,332)	41,831	(11,172,910)
Cash and cash equivalents - beginning	2,260,415	357,501	85,065,305
Cash and cash equivalents - ending (Includes restricted cash and investments)	<u>\$ 1,573,083</u>	<u>399,332</u>	<u>\$ 73,892,395</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (540,080)	38,980	\$ (589,270)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	24,040	-	1,662,266
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	-	-	(657,668)
Decrease (increase) in inventory of supplies	-	-	253,213
Increase (decrease) in accounts payable	10,802	-	(241,175)
Increase (decrease) in compensated absences payable	(163,716)	-	(34,338)
Increase (decrease) in claims payable	-	-	3,019,730
Increase (decrease) in postemployment benefits obligation	271,457	-	499,628
Net cash provided by (used for) operating activities	<u>\$ (397,497)</u>	<u>38,980</u>	<u>\$ 3,912,386</u>
<b>Noncash investing, capital, and financing activities:</b>			
Increase (decrease) in fair value of investments	<u>\$ -</u>	<u>-</u>	<u>\$ (15,139)</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 deposition 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, 2012**

	<u>Payroll</u>	<u>Treasurer's Trust</u>	<u>Retirees Health Insurance Subsidy</u>
<b>Assets</b>			
Cash and investments	\$ 8,031,178	4,392,494	2,262,817
Receivables:			
Loans and notes	-	-	700,000
Interest	61	239	2,064
	<u>8,031,239</u>	<u>4,392,733</u>	<u>2,964,881</u>
Total assets	\$ <u>8,031,239</u>	<u>4,392,733</u>	<u>2,964,881</u>
<b>Liabilities</b>			
Accounts payable	-	43,110	-
Notes payable	-	-	-
Due to City employees	\$ 3,283,522	-	2,964,881
Due to governmental agencies	4,747,717	4,349,623	-
	<u>4,747,717</u>	<u>4,349,623</u>	<u>-</u>
Total liabilities	\$ <u>8,031,239</u>	<u>4,392,733</u>	<u>2,964,881</u>

**AGENCY FUNDS**

Housing Rehabilitation Loan Program	Transportation Corridor	TSIA Santa Ana- Tustin	School Districts' Trust	Total
-	11,453	12,581,746	10,785,443	\$ 38,065,131
234,333	-	-	-	934,333
-	-	11,333	4,849	18,546
<u>234,333</u>	<u>11,453</u>	<u>12,593,079</u>	<u>10,790,292</u>	<u>\$ 39,018,010</u>
-	11,453	-	-	\$ 54,563
234,333	-	-	-	234,333
-	-	-	-	6,248,403
-	-	12,593,079	10,790,292	32,480,711
<u>234,333</u>	<u>11,453</u>	<u>12,593,079</u>	<u>10,790,292</u>	<u>\$ 39,018,010</u>

**Agency Funds**  
**Combining Statement of Changes with Fiduciary Assets and Liabilities**  
**Year ended June 30, 2012**

	<u>Balance</u> <u>June 30,2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,2012</u>
<b>PAYROLL FUND</b>				
<b>Assets</b>				
Cash and investments	\$ 8,376,348	\$ 163,190,350	\$ 163,535,520	\$ 8,031,178
Interest receivable	120	61	120	61
Total assets	<u>\$ 8,376,468</u>	<u>\$ 163,190,411</u>	<u>\$ 163,535,640</u>	<u>\$ 8,031,239</u>
<b>Liabilities</b>				
Due to City employees	\$ 4,437,170	\$ 135,032,677	\$ 136,186,325	\$ 3,283,522
Due to governmental agencies	3,939,298	28,157,734	27,349,315	4,747,717
Total liabilities	<u>\$ 8,376,468</u>	<u>\$ 163,190,411</u>	<u>\$ 163,535,640</u>	<u>\$ 8,031,239</u>
<b>TREASURER'S TRUST FUND</b>				
<b>Assets</b>				
Cash and investments	\$ 3,478,369	\$ 9,991,330	\$ 9,077,205	\$ 4,392,494
Interest receivable	541	239	541	239
Total assets	<u>\$ 3,478,910</u>	<u>\$ 9,991,569</u>	<u>\$ 9,077,746</u>	<u>\$ 4,392,733</u>
<b>Liabilities</b>				
Accounts payable	\$ -	43,110	-	43,110
Due to governmental agencies	3,478,910	\$ 9,948,459	\$ 9,077,746	\$ 4,349,623
Total liabilities	<u>\$ 3,478,910</u>	<u>\$ 9,991,569</u>	<u>\$ 9,077,746</u>	<u>\$ 4,392,733</u>
<b>RETIRES HEALTH INSURANCE SUBSIDY</b>				
<b>Assets</b>				
Cash and investments	\$ 2,519,923	\$ 1,249,484	\$ 1,506,590	\$ 2,262,817
Notes receivable	700,000	-	-	700,000
Interest receivable	4,650	2,064	4,650	2,064
Total assets	<u>\$ 3,224,573</u>	<u>\$ 1,251,548</u>	<u>\$ 1,511,240</u>	<u>\$ 2,964,881</u>
<b>Liabilities</b>				
Due to city employees	\$ 3,224,573	\$ 1,251,548	\$ 1,511,240	\$ 2,964,881
Total liabilities	<u>\$ 3,224,573</u>	<u>\$ 1,251,548</u>	<u>\$ 1,511,240</u>	<u>\$ 2,964,881</u>

	<u>Balance</u> <u>June 30,2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,2012</u>
<b>HOUSING REHABILITATION LOAN PROGRAM</b>				
<b>Assets</b>				
Notes receivables	\$ 250,296	\$ -	\$ 15,963	\$ 234,333
Total assets	<u>\$ 250,296</u>	<u>\$ -</u>	<u>\$ 15,963</u>	<u>\$ 234,333</u>
<b>Liabilities</b>				
Notes payable	\$ 250,296	\$ -	\$ 15,963	\$ 234,333
Total liabilities	<u>\$ 250,296</u>	<u>\$ -</u>	<u>\$ 15,963</u>	<u>\$ 234,333</u>
 <b>TRANSPORTATION CORRIDOR FUND</b>				
<b>Assets</b>				
Cash and investments	\$ -	\$ 38,288	\$ 26,835	\$ 11,453
Total assets	<u>\$ -</u>	<u>\$ 38,288</u>	<u>\$ 26,835</u>	<u>\$ 11,453</u>
<b>Liabilities</b>				
Accounts payable	\$ -	38,288	26,835	11,453
Total liabilities	<u>\$ -</u>	<u>\$ 38,288</u>	<u>\$ 26,835</u>	<u>\$ 11,453</u>
 <b>TRANSPORTATION SYSTEM IMPROVEMENT AUTHORITY SANTA-ANA - TUSTIN</b>				
<b>Assets</b>				
Cash and investments	\$ 12,554,739	\$ 446,648	\$ 419,641	\$ 12,581,746
Interest receivable	22,604	11,333	22,604	11,333
Total assets	<u>\$ 12,577,343</u>	<u>\$ 457,981</u>	<u>\$ 442,245</u>	<u>\$ 12,593,079</u>
<b>Liabilities</b>				
Accounts payable	\$ 820	\$ -	\$ 820	\$ -
Due to governmental agencies	12,576,523	457,981	441,425	12,593,079
Total liabilities	<u>\$ 12,577,343</u>	<u>\$ 457,981</u>	<u>\$ 442,245</u>	<u>\$ 12,593,079</u>

(Continued)

**Agency Funds**  
**Combining Statement of Changes with Fiduciary Assets and Liabilities**  
**Year ended June 30, 2012**

	<u>Balance</u> <u>June 30,2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,2012</u>
<b>SCHOOL DISTRICTS'</b>				
<b>TRUST FUND</b>				
<b>Assets</b>				
Cash and investments	\$ 8,376,081	\$ 4,592,489	\$ 2,183,127	\$ 10,785,443
Interest receivable	10,159	4,849	10,159	4,849
Intergovernmental	1,603,184	-	1,603,184	-
Total assets	<u>\$ 9,989,424</u>	<u>\$ 4,597,338</u>	<u>\$ 3,796,470</u>	<u>\$ 10,790,292</u>
<b>Liabilities</b>				
Due to governmental agencies	\$ 9,989,424	\$ 4,597,338	\$ 3,796,470	\$ 10,790,292
Total liabilities	<u>\$ 9,989,424</u>	<u>\$ 4,597,338</u>	<u>\$ 3,796,470</u>	<u>\$ 10,790,292</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and investments	\$ 35,305,460	\$ 179,508,589	\$ 176,748,918	\$ 38,065,131
Receivables:				
Loans and notes	950,296	-	15,963	934,333
Interest	38,074	18,546	38,074	18,546
Intergovernmental	1,603,184	-	1,603,184	-
Total assets	<u>\$ 37,897,014</u>	<u>\$ 179,527,135</u>	<u>\$ 178,406,139</u>	<u>\$ 39,018,010</u>
<b>Liabilities</b>				
Accounts payable	\$ 820	\$ 81,398	\$ 27,655	\$ 54,563
Notes payable	250,296	-	15,963	234,333
Due to City employees	7,661,743	136,284,225	137,697,565	6,248,403
Due to governmental agencies	29,984,155	43,161,512	40,664,956	32,480,711
Total liabilities	<u>\$ 37,897,014</u>	<u>\$ 179,527,135</u>	<u>\$ 178,406,139</u>	<u>\$ 39,018,010</u>

CITY OF SANTA ANA, CALIFORNIA

# **Statistical Section**



## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
<p><b>Financial Trends</b></p> <p><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></p>	179
<p><b>Revenue Capacity</b></p> <p><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></p>	191
<p><b>Debt Capacity</b></p> <p><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></p>	203
<p><b>Demographic and Economic Information</b></p> <p><i>This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. (Schedule 17)</i></p>	209
<p><b>Operating Information</b></p> <p><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></p>	210

CITY OF SANTA ANA

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

	Fiscal Year			
	2012	2011	2010	2009
<b>Governmental Activities:</b>				
Investment in capital assets, net of related debt	\$ 787,634	\$ 767,746	\$ 723,057	\$ 684,618
Restricted	236,683	146,268	156,629	182,938
Unrestricted	23,756	26,574	15,155	5,165
Total governmental activities net assets	<u>\$ 1,048,073</u>	<u>\$ 940,588</u>	<u>\$ 894,841</u>	<u>\$ 872,721</u>
<b>Business-type activities:</b>				
Investment in capital assets, net of related debt	\$ 89,780	\$ 87,551	\$ 84,088	\$ 83,163
Restricted	2,322	1,186	956	7,014
Unrestricted	35,758	35,705	34,201	24,745
Total business-type activities net assets	<u>\$ 127,860</u>	<u>\$ 124,442</u>	<u>\$ 119,245</u>	<u>\$ 114,922</u>
<b>Primary government:</b>				
Investment in capital assets, net of related debt	\$ 877,414	\$ 855,297	\$ 807,145	\$ 767,781
Restricted	239,005	147,454	157,585	189,952
Unrestricted	59,514	62,279	49,356	29,910
Total primary government net assets	<u>\$ 1,175,933</u>	<u>\$ 1,065,030</u>	<u>\$ 1,014,086</u>	<u>\$ 987,643</u>

Source: City of Santa Ana 2003 - 2012 CAFRS



STATISTICAL SECTION

SCHEDULE 1

Fiscal Year						
2008	2007	2006	2005	2004	2003	
\$ 650,254	\$ 700,479	\$ 658,414	\$ 644,474	\$ 646,755	\$ 644,080	
185,518	117,988	164,332	144,464	147,433	139,892	
(6,279)	(24,752)	(122,359)	(136,627)	(170,248)	(168,784)	
<u>\$ 829,493</u>	<u>\$ 793,715</u>	<u>\$ 700,387</u>	<u>\$ 652,311</u>	<u>\$ 623,940</u>	<u>\$ 615,188</u>	
\$ 79,764	\$ 69,748	\$ 39,031	\$ 69,906	\$ 69,554	\$ 67,517	
4,111	2,846	9,579	9,066	8,948	6,843	
20,385	28,270	15,774	12,877	10,917	9,028	
<u>\$ 104,260</u>	<u>\$ 100,864</u>	<u>\$ 64,384</u>	<u>\$ 91,849</u>	<u>\$ 89,419</u>	<u>\$ 83,388</u>	
\$ 730,018	\$ 770,227	\$ 727,445	\$ 714,380	\$ 716,309	\$ 711,597	
189,629	120,834	173,911	153,530	156,381	146,735	
14,106	3,518	(106,585)	(123,750)	(159,331)	(159,756)	
<u>\$ 933,753</u>	<u>\$ 894,579</u>	<u>\$ 794,771</u>	<u>\$ 744,160</u>	<u>\$ 713,359</u>	<u>\$ 698,576</u>	

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

	Fiscal Year				Page 1 of 6
	2012	2011	2010	2009	2008
<b>Expenses:</b>					
Governmental activities:					
General government (1)	\$ 11,364	\$ 12,333	\$ 15,227	\$ 20,456	\$ 6,912
Cultural recreation and community services (2)	23,902	24,084	25,528	27,937	24,057
Public safety (3)	139,514	174,524	183,885	175,036	157,792
Developmental services (4)	26,148	31,073	30,338	29,849	44,289
Community development	77,219	58,735	68,150	53,598	58,798
Pass-through payments to districts and other agencies	3,393	12,760	28,093 *	10,399 *	9,341 *
County administrative charge	1,547	525	486 *	391 *	287 *
Interest on long -term debt	8,669	14,664	16,828	16,580	16,585
Total governmental activities expenses	\$ 291,756	\$ 328,698	\$ 368,535	\$ 334,246	\$ 318,061
Business-type activities:					
Water	\$ 49,271	\$ 45,674	\$ 45,727	\$ 41,910	\$ 41,289
Parking	2,963	2,631	2,824	2,767	2,973
Refuse collections	16,024	15,339	16,716	13,205	13,345
Transportation center	1,280	1,313	1,423	1,422	1,282
Sewer	4,268	3,462	3,485	3,140	3,313
Sanitation	8,417	8,403	8,072	7,781	7,641
Federal clean water protection	1,637	2,359	2,210	2,217	2,585
Total business-type expenses	83,860	79,181	80,457	72,442	72,428
Total primary government expenses	\$ 375,616	\$ 407,879	\$ 448,992	\$ 406,688	\$ 390,489

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

1. Includes Human Resources and Finance

2. Includes Museum and Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

5. As of April 2012 SAFD left the city and joined OCFA. The city now contracts with OCFA for fire services.

Source: City of Santa Ana 2003 - 2012 CAFRS

Fiscal Year					Page 2 of 6
2007	2006	2005	2004	2003	
\$ 26,370	\$ 16,137	\$ 14,146	\$ 15,459	\$ 14,533	
28,956	23,406	21,766	26,325	26,183	
151,581	135,530	129,507	130,369	118,392	
29,698	16,735	27,439	26,225	28,034	
56,286	70,235	67,561	59,321	46,813	
8,786 *	9,238 *	6,399 *	4,049 *	3,450 *	
208 *	227 *	- *	- *	- *	
<u>12,420</u>	<u>13,918</u>	<u>13,903</u>	<u>15,979</u>	<u>16,090</u>	
\$ <u>314,305</u>	\$ <u>285,426</u>	\$ <u>280,721</u>	\$ <u>277,727</u>	\$ <u>253,495</u>	
\$ 39,184	\$ 34,609	\$ 35,671	\$ 32,530	\$ 30,757	
2,898	2,949	2,952	2,663	2,656	
12,978	13,316	12,126	11,784	11,611	
1,303	1,342	1,256	1,518	1,192	
3,084	2,818	2,373	2,157	2,050	
7,252	8,212	7,615	7,518	7,418	
2,798	1,944	1,853	1,327	624	
<u>69,497</u>	<u>65,190</u>	<u>63,846</u>	<u>59,497</u>	<u>56,308</u>	
\$ <u>383,802</u>	\$ <u>350,616</u>	\$ <u>344,567</u>	\$ <u>337,224</u>	\$ <u>309,803</u>	

*Continued*

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

	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
General government (1)	\$ 5,687	\$ 5,912	\$ 4,659	\$ 5,482	4,076
Cultural recreation and community services (2)	3,088	2,595	3,231	2,598	1,569
Public safety (3)	27,554	29,171	25,370	20,844	17,642
Developmental services (4)	18,633	17,186	15,707	13,833	10,591
Community development	28,003	4,688	6,321	8,694	418
Operating grants and contributions	75,051	87,080	99,887	72,232	61,202
Capital grants and contributions	37,001	32,910	37,218	38,694	37,448
<b>Total governmental activities program revenues</b>	<b>\$ 195,017</b>	<b>\$ 179,542</b>	<b>\$ 192,393</b>	<b>\$ 162,377</b>	<b>\$ 132,946</b>
Business-type activities:					
Charges for services:					
Water	\$ 49,482	\$ 47,783	\$ 48,782	\$ 47,338	\$ 42,574
Parking	4,445	3,733	4,287	4,274	3,757
Refuse collections	16,261	16,218	14,988	8,615	8,111
Transportation center	789	970	1,233	1,026	850
Sewer	4,783	4,679	4,816	4,522	3,610
Sanitation	7,967	8,002	7,946	8,091	7,831
Federal clean water protection	2,733	2,552	2,474	2,384	2,340
Operating grants and contributions	666	295	-	6,442	6,185
Capital grants and contributions	-	-	-	-	-
<b>Total business-type activities Program revenues</b>	<b>87,126</b>	<b>84,232</b>	<b>84,526</b>	<b>82,692</b>	<b>75,258</b>
<b>Total primary government Program revenues</b>	<b>\$ 282,143</b>	<b>\$ 263,774</b>	<b>\$ 276,919</b>	<b>\$ 245,069</b>	<b>\$ 208,204</b>
Net (expense) revenue					
Governmental activities	(96,739)	(149,156)	(176,142)	(171,869)	(185,115)
Business -type activities	3,266	5,051	4,069	10,250	2,830
<b>Total primary government net (expense) revenue</b>	<b>\$ (93,473)</b>	<b>\$ (144,105)</b>	<b>\$ (172,073)</b>	<b>\$ (161,619)</b>	<b>\$ (182,285)</b>

Fiscal Year					Page 4 of 6
2007	2006	2005	2004	2003	
\$ 3,857	\$ 4,673	\$ 6,028	\$ 5,221	\$ 5,618	
2,649	5,515	3,847	2,382	2,104	
17,959	19,486	21,468	21,385	17,679	
12,214	11,299	7,586	7,828	6,821	
1,733	3,867	5,035	893	64	
71,352	62,431	67,327	57,317	67,656	
54,166	27,749	12,990	21,333	16,460	
\$ 163,930	\$ 135,020	\$ 124,281	\$ 116,359	\$ 116,402	
\$ 42,233	\$ 38,401	\$ 35,991	\$ 35,040	\$ 31,181	
4,105	3,639	3,115	3,439	2,774	
7,877	7,647	7,389	7,252	7,000	
724	905	720	1,252	1,479	
3,422	2,684	2,318	2,344	2,214	
7,922	7,948	7,926	7,746	7,777	
2,389	2,725	2,041	1,941	702	
6,082	6,225	5,721	5,525	5,121	
-	-	-	714	579	
74,754	70,174	65,221	65,253	58,827	
\$ 238,684	\$ 205,194	\$ 189,502	\$ 181,612	\$ 175,229	
(150,375)	(150,406)	(156,440)	(161,368)	(137,093)	
5,257	4,984	1,375	5,756	2,519	
\$ (145,118)	\$ (145,422)	\$ (155,065)	\$ (155,612)	\$ (134,574)	

Continued

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

	Fiscal Year				Page 5 of 6
	2012	2011	2010	2009	2008
<b>General revenues and other changes in net assets</b>					
Governmental activities					
General government (1)	\$ (5,677)	\$ (6,421)	\$ (7,033)	\$ (10,791)	\$ (1,801)
Cultural recreation and community services (2)	(17,943)	(15,937)	(12,613)	(19,708)	(15,476)
Public safety (3)	(93,460)	(129,423)	(137,118)	(137,103)	(133,106)
Developmental services (4)	31,379	27,685	27,200	22,104	3,717
Community development	2,572	2,889	(1,170)	999	(12,019)
Pass-through payments to districts and other agencies	(3,393)	(12,760)	(28,093)	(10,399)	(9,341)
County administrative charge	(1,547)	(525)	(486)	(391)	(287)
Interest on long-term debt	(8,669)	(14,664)	(16,828)	(16,580)	(16,585)
General revenues:					
Property taxes	87,189	103,610	108,001 *	117,756 *	112,967
Sales Taxes	38,744	37,409	34,496	39,699	46,421 *
Hotels visitors' taxes	7,024	5,970	5,650	6,149	7,714
Utility users taxes	24,367	25,328	26,097	27,693	28,112
Business taxes	10,317	10,380	9,944	10,027	10,444
Franchise taxes	7,460	7,562	7,777	5,866	5,618
Other taxes	1,401	1,176	1,090	1,500	1,837
Intergovernmental, unrestricted	466	1,934	1,255	1,202	1,672
Investment income	951	869	2,862	4,613	5,219
Other revenues	863	665	1,089	543	389
Transfers	-	-	-	50	128
Extraordinary gain	25,440	-	-	-	-
Total Governmental activities	<u>107,485</u>	<u>45,747</u>	<u>22,120</u>	<u>43,229</u>	<u>35,623</u>
Business-type activities:					
Water	601	2,195	3,055	5,428	1,285
Parking	1,483	1,102	1,463	1,506	785
Refuse collections	513	1,089	(1,728)	1,852	950
Transportation center	(491)	(344)	(191)	(395)	(433)
Sewer	514	1,217	1,332	1,382	297
Sanitation	(450)	(401)	(126)	309	190
Federal clean water protection	1,096	193	263	167	(245)
General revenues:					
Investment income	152	146	255	463	850
Transfers	-	-	-	(50)	(128)
Total business-type activities	<u>3,418</u>	<u>5,197</u>	<u>4,323</u>	<u>10,662</u>	<u>3,551</u>
Total primary government	<u>110,903</u>	<u>50,944</u>	<u>26,443</u>	<u>53,891</u>	<u>39,174</u>
<b>Changes in net assets</b>					
Governmental activities	107,485	45,747	22,120	43,229	35,623
Business-type activities	3,418	5,197	4,323	10,662	3,551
Total primary government	\$ <u>110,903</u>	\$ <u>50,944</u>	\$ <u>26,443</u>	\$ <u>53,891</u>	\$ <u>39,174</u>

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

Fiscal Year					Page 6 of 6
2007	2006	2005	2004	2003	
\$ (20,737)	\$ (11,086)	\$ (11,086)	\$ (9,627)	\$ (8,423)	
(21,398)	(11,366)	(11,366)	(18,111)	(17,165)	
(116,787)	(103,069)	(103,069)	(105,523)	(93,764)	
36,457	19,210	19,210	8,671	2,484	
(6,309)	(20,713)	(20,713)	(16,749)	(684)	
(8,786)	(9,238)	(6,399)	(4,049)	(3,450)	
(208)	(227)	-	-	-	
(12,420)	(139,189)	(13,918)	(15,979)	(16,091)	
103,306 *	92,089 *	81,273 *	60,389 *	56,538	
46,770	45,094	43,973	41,865	40,383 *	
7,442	7,187	5,470	4,656	3,993	
28,327	27,565	26,666	25,874	24,958	
10,019	9,829	8,180	7,792	7,637	
5,293	7,107	5,673	5,422	5,141	
3,242	5,188	2,174	3,352	5,851	
2,174	2,904	7,726	15,905	-	
7,505	7,468	7,085	4,572	5,915	
825	310	323	285	20,332	
-	200	(581)	7	(4,576)	
-	-	-	-	-	
<u>64,715</u>	<u>(70,737)</u>	<u>40,621</u>	<u>8,752</u>	<u>29,079</u>	
3,050	792	321	2,511	1,003	
1,206	690	787	1,147	119	
981	556	359	622	510	
(579)	(437)	(536)	(266)	287	
338	(134)	(54)	902	164	
670	(264)	311	227	358	
(409)	781	188	614	78	
1,223	803	473	281	441	
-	(200)	581	(7)	4,576	
<u>6,480</u>	<u>2,587</u>	<u>2,430</u>	<u>6,031</u>	<u>7,536</u>	
<u>71,195</u>	<u>(68,150)</u>	<u>43,051</u>	<u>14,783</u>	<u>36,615</u>	
64,715	54,534	40,621	8,752	29,079	
6,480	2,587	2,430	6,031	7,536	
<u>\$ 71,195</u>	<u>\$ 57,121</u>	<u>\$ 43,051</u>	<u>\$ 14,783</u>	<u>\$ 36,615</u>	

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

	Fiscal Year			
	2012	2011	2010*	2009
<b>General Fund</b>				
Reserved	\$ -	\$ -	\$ -	\$ 5,243
Committed	-	1,314	5,509	-
Assigned	4,661	2,987	-	-
Unreserved	-	-	-	11,093
Unassigned	19,335	6,673	2,962	-
Total General Fund	\$ 23,996	\$ 10,974	\$ 8,471	\$ 16,336
<b>All Other Governmental Funds</b>				
Reserved	\$ -	\$ -	\$ -	\$ 142,939
Nonspendable	3,652	3,652	12,354	-
Restricted	110,606	196,182	247,124	-
Assigned to Continuing Projects	-	-	3,831	-
Unassigned:				
Special Revenue	(1,661)	(2,191)	(86)	63,681
Capital Projects	(955)	(600)	(925)	10,721
Debt Services	-	-	(68,330)	-
Total all other governmental funds	\$ 111,642	\$ 197,043	\$ 193,968	\$ 217,341

Source: City of Santa Ana 2003 - 2012 CAFRS

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



SCHEDULE 3

Fiscal Year						
2008	2007	2006	2005	2004	2003	
\$ 3,945	\$ 4,361	\$ 9,459	\$ 5,577	\$ 7,659	\$ 10,645	
-	-	-	-	-	-	
-	-	-	-	-	-	
32,183	36,438	42,890	32,679	12,422	11,961	
-	-	-	-	-	-	
<u>\$ 36,128</u>	<u>\$ 40,799</u>	<u>\$ 52,349</u>	<u>\$ 38,256</u>	<u>\$ 20,081</u>	<u>\$ 22,606</u>	
\$ 113,693	\$ 85,460	\$ 80,941	\$ 93,205	\$ 101,638	\$ 94,624	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
77,705	16,893	10,061	5,918	10,030	7,604	
11,875	28,538	23,085	15,305	9,931	5,630	
-	-	-	-	-	-	
<u>\$ 203,273</u>	<u>\$ 130,891</u>	<u>\$ 114,087</u>	<u>\$ 114,428</u>	<u>\$ 121,599</u>	<u>\$ 107,858</u>	

CITY OF SANTA ANA

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

	Fiscal Year			
	2012	2011	2010	2009
<b>Revenues:</b>				
Taxes	\$ 176,503	\$ 191,434	\$ 193,055	\$ 205,817
License and permits	3,948	3,806	2,845	3,485
Intergovernmental	108,638	121,924	128,240	109,186
Charges for services	11,021	9,899	10,147	9,161
Fines and forfeits	6,930	7,902	6,435	7,332
Investment income	1,163	1,355	2,072	11,504
Gain on sale of land held for resale	273	238	-	-
Miscellaneous	36,985	39,280	44,368	39,359
Total revenues	<u>345,461</u>	<u>375,838</u>	<u>387,162</u>	<u>385,844</u>
<b>Expenditures:</b>				
General government (1)	10,155	10,782	11,745	20,300
Cultural recreation and community services (2)	21,138	21,205	23,629	26,883
Public safety (3)	169,504	164,203	177,346	173,793
Developmental services (4)	15,575	19,763	19,716	22,022
Community development	82,114	71,413	67,454	53,439
Capital outlay	30,067	58,488	56,481	46,819
Debt service:				
Principal retirement	9,001	14,244	12,485	12,791
Interest and fiscal charges	11,940	17,543	20,769	20,992
Cost of issuance and other bond charges	-	778	28,594	11,738
Total expenditures	<u>349,493</u>	<u>378,419</u>	<u>418,219</u>	<u>388,777</u>
Excess (deficiency) of revenues over (under) expenditures	(4,032)	(2,581)	(31,057)	(2,933)
<b>Other Financing Sources (uses):</b>				
Transfers in	103,691	55,970	68,438	65,647
Transfers out	(90,149)	(54,377)	(68,619)	(69,137)
Bond premium	-	-	-	-
Bond discount	-	(374)	-	-
Capital lease agreement	-	-	-	-
Loan proceeds	-	-	-	700
Payment to refunded bond escrow agent	-	(59,850)	-	-
Proceeds from issuance of bonds	-	-	-	-
Proceeds of refunding debt	-	66,790	-	-
Proceeds from state (CHFA) loan	-	-	-	-
Total other financing sources (uses)	<u>13,542</u>	<u>8,159</u>	<u>(181)</u>	<u>(2,790)</u>
Extraordinary gain (loss)	(81,889)	-	-	-
Net change in fund balance	<u>\$ (72,379)</u>	<u>\$ 5,578</u>	<u>\$ (31,238)</u>	<u>\$ (5,723)</u>
Debt service as a percent of noncapital expenditures	6.6%	9.9%	9.2%	9.9%

Source: City of Santa Ana 2003 - 2012 CAFRS

1. Includes Human Resources and Finance

2. Includes Museum and Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

5. As of April 2012 SAFD left the City and joined OCFA. The City now contracts with OCFA for fire services.

STATISTICAL SECTION

SCHEDULE 4

Fiscal Year						
2008	2007	2006	2005	2004	2003	
\$ 210,242	\$ 201,155	\$ 190,891	\$ 173,009	\$ 149,350	\$ 141,502	
3,321	3,488	4,172	3,822	3,853	3,144	
89,337	128,046	87,718	85,023	94,229	98,861	
13,643	10,878	16,280	13,570	11,960	10,913	
7,645	5,891	5,911	5,005	3,943	3,615	
13,568	27,458	29,696	26,203	23,002	21,397	
350	-	-	-	-	-	
35,050	13,242	15,487	9,111	8,798	10,593	
<u>373,156</u>	<u>390,158</u>	<u>350,155</u>	<u>315,743</u>	<u>295,135</u>	<u>290,025</u>	
16,497	19,152	15,022	13,107	11,796	13,024	
28,176	28,264	24,636	22,917	21,370	23,525	
160,806	156,930	141,660	134,747	120,150	113,407	
23,134	20,032	17,769	15,493	17,363	19,631	
55,330	40,225	40,968	43,220	39,551	44,265	
41,769	77,665	48,385	40,708	40,801	49,110	
11,154	11,614	11,350	9,641	7,429	8,376	
20,430	19,384	20,142	21,518	21,596	24,573	
11,503	8,993	9,465	6,397	4,787	3,450	
<u>368,799</u>	<u>382,259</u>	<u>329,397</u>	<u>307,748</u>	<u>284,843</u>	<u>299,361</u>	
4,357	7,899	20,758	7,995	10,292	(9,336)	
57,400	39,411	67,313	67,470	58,988	84,723	
(61,025)	(42,582)	(69,597)	(64,461)	(59,094)	(87,219)	
-	-	-	-	2,383	-	
-	-	-	-	-	(274)	
-	526	-	-	-	5,687	
-	-	-	-	-	-	
-	-	-	-	(40,535)	(36,456)	
68,010	-	-	-	-	20,945	
(1,032)	-	-	-	38,845	37,199	
-	-	-	-	335	865	
<u>63,353</u>	<u>(2,645)</u>	<u>(2,284)</u>	<u>3,009</u>	<u>922</u>	<u>25,470</u>	
-	-	-	-	-	-	
<u>\$ 67,710</u>	<u>\$ 5,254</u>	<u>\$ 18,474</u>	<u>\$ 11,004</u>	<u>\$ 11,214</u>	<u>\$ 16,134</u>	
9.7%	10.2%	11.2%	11.7%	11.9%	13.2%	

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

Fiscal Year Ended June 30	City				Taxable Assessed Value	Total Direct Tax Rate <sup>2</sup>
	Secured	Unsecured	Less: Exemptions <sup>1</sup>			
2012	\$ 18,509,578	\$ 1,591,287	\$ (172,181)	\$ 19,928,684	-	
2011	18,313,282	1,575,006	(173,894)	19,714,394	-	
2010	18,811,560	1,700,267	(174,101)	20,337,726	-	
2009	20,220,321	1,711,122	(175,015)	21,756,428	-	
2008	19,553,630	1,630,486	(177,491)	21,006,625	-	
2007	17,927,887	1,631,584	(180,619)	19,378,852	-	
2006	16,039,774	1,415,202	(186,041)	17,268,935	-	
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

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.

Dissolved Redevelopment Agency						
	Secured	Unsecured	Less: Exemptions <sup>1</sup>	Taxable Assessed Value	Total Direct Tax Rate <sup>2</sup>	
\$	5,499,129	\$ 1,014,608	\$ (6,088)	\$ 6,507,649	1.1066	
	5,508,301	1,030,585	(6,124)	6,532,762	1.1068	
	5,861,379	1,147,376	(5,924)	7,002,831	1.1055	
	5,802,723	1,135,087	(5,827)	6,931,983	1.0590	
	5,204,255	1,077,781	(5,980)	6,276,056	1.0641	
	3,915,380	1,002,201	(4,456)	4,913,125	1.0630	
	3,957,501	909,681	(3,242)	4,863,940	1.0656	
	3,705,383	910,600	(3,132)	4,612,851	1.0827	
	3,527,810	956,067	(2,917)	4,480,960	1.0626	

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

	2012	2011	2010
City direct rates:			
City basic rate	(2)	(2)	(2)
Redevelopment agency			
Total City direct rate	-	-	-
Overlapping Rates:			
Santa Ana Unified School			
District bonds	0.07147	0.07167	0.07388
Rancho Santiago Community			
College District bonds	0.03146	0.03141	0.02735
Metropolitan Water District	0.00370	0.00370	0.00430
County of Orange	1.00000	1.00000	1.00000
Total direct rate	<u>1.10663</u>	<u>1.10678</u>	<u>1.10553</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.

SCHEDULE 6

2009	2008	2007	2006	2005	2004
(2)	(2)	(2)	(2)	(2)	(2)
-	-	-	-	-	-
0.03212	0.03585	0.03915	0.04353	0.04961	0.03871
0.02253	0.02373	0.01911	0.01691	0.02726	0.01776
0.00430	0.00450	0.00470	0.00520	0.00580	0.00610
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<u>1.05895</u>	<u>1.06408</u>	<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 *
2012	\$ 27,709,191	\$ 26,751,832	96.5%	\$ 425,048	\$ 27,176,880	98.1%
2011	29,205,930	26,443,856	90.5%	639,480	27,083,336	92.7%
2010	28,550,867	27,376,262	95.9%	1,116,499	28,492,761	99.8%
2009	29,692,293	28,952,783	97.5%	470,972	29,423,755	99.1%
2008	32,177,388	30,330,525	94.3%	1,215,444	31,545,969	98.0%
2007	29,479,693	26,578,304	90.2%	1,824,367	28,402,671	96.3%
2006	28,514,594	24,929,393	87.4%	971,194	25,900,587	90.8%
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%

Source: County of Orange Auditor-Controller's Office



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

Category	Fiscal Year							
	2012	2011	2010	2009	2008	2007	2006	2005
General Retail	\$ 33,824	32,722	32,467	35,097	39,163	40,425	40,966	39,059
Business to Business	27,003	27,500	28,838	35,293	37,484	40,034	38,206	38,719
Transportation	34,379	31,641	28,414	32,835	36,254	36,901	35,862	34,188
Food Products	22,040	20,797	20,283	21,654	22,867	22,402	21,875	20,967
Construction	15,005	14,239	14,305	17,661	20,820	21,621	20,147	18,342
Miscellaneous <sup>1</sup>	1,510	1,428	1,548	1,997	1,735	1,703	1,655	1,059
<b>Total</b>	<b>\$ 133,762</b>	<b>128,327</b>	<b>125,855</b>	<b>144,536</b>	<b>158,323</b>	<b>163,086</b>	<b>158,711</b>	<b>152,334</b>

1. Miscellaneous category includes health & government

The County of Orange has a 7.75% tax rate.

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

Source: MBIA 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 2012**

Principal Property Tax Remitters	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Mainplace Shoppingtown	\$ 218,265,550	1	1.09%
RP Essex Skyline Holdings	133,083,687	2	0.66%
First American Title	117,913,241	3	0.59%
GLL US Office LP	100,551,494	4	0.50%
AG LPC Griffin Towers LP	90,542,615	5	0.45%
Freedom Newspapers Inc	79,721,941	6	0.40%
Colton David A	66,143,068	7	0.33%
Lapco Industrial Parks	66,099,159	8	0.33%
Powerwave Technologies Inc	63,376,082	9	0.32%
Bel Santa Ana LLC	62,175,000	10	0.31%
<b>Total</b>	<b>\$ 997,871,837</b>		<b>4.98%</b>

*Presented in order of highest to lowest estimated property tax revenue paid to the City and dissolved 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 Ten Fiscal Years**  
**(in thousands of gallons)**

	Fiscal Year			
	2012	2011	2010	2009
Type of Customer				
Residential	8,054,021.9	8,017,322.1	8,084,666.0	9,775,959.9
Commercial	2,203,292.3	2,174,889.3	2,158,521.6	2,772,523.9
Industrial	761,203.7	725,834.5	710,905.9	996,097.7
Wholesale food	113,081.9	110,922.4	106,531.7	115,519.1
Government	350,978.8	325,890.9	316,262.6	218,620.8
Others <sup>1</sup>	485,600.9	489,859.2	515,525.3	655,178.0
Total	<u>11,968,179.5</u>	<u>11,844,718.4</u>	<u>11,892,413.1</u>	<u>14,533,899.4</u>
Total direct rate per 44 units <sup>2</sup>	\$ 2.727	\$ 2.673	\$ 2.673	\$ 2.284

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.

SCHEDULE 10

Fiscal Year					
2008	2007	2006	2005	2004	2003
9,116,657.7	9,696,685.3	9,221,423.3	9,477,817.4	9,825,891.1	9,944,399.6
2,751,669.8	2,955,599.3	2,895,335.2	2,767,566.3	2,756,922.3	2,586,620.7
965,694.2	1,089,224.9	971,067.8	994,549.0	1,089,612.3	1,248,816.7
110,642.7	117,391.9	124,716.3	129,422.0	135,905.6	146,190.6
116,565.3	122,765.5	102,283.7	319,429.7	344,377.7	328,247.1
548,450.8	572,328.5	481,370.2	504,001.7	532,953.0	530,480.1
<u>13,609,680.5</u>	<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>
\$ 2.085	\$ 1.871	\$ 1.760	\$ 1.608	\$ 1.452	\$ 1.283

**Water Rates**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Monthly base Rate <sup>1</sup>	Rate per 44 Units <sup>2</sup>
2012	\$ 7.00	2.73
2011	7.00	2.67
2010	7.00	2.67
2009	7.00	2.28
2008	7.00	2.09
2007	7.00	1.87
2006	7.00	1.76
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 2012**

Water Customer	2012	
	Taxable Water Charges	Percentage of Total Water Revenues
Chroma Systems	\$ 341,177	0.71%
Adohr Farms Inc	260,118	0.54%
Fairview Villas	203,770	0.43%
Power Circuits Inc.	223,710	0.47%
County of Orange	204,822	0.43%
Warwick Square Assoc. Inc.	141,329	0.30%
Town Square Owners	132,595	0.28%
County of Orange	151,562	0.32%
Far West Management Corp	123,821	0.26%
On The Lk Versailles	108,564	0.23%
<b>Total</b>	<b>\$ 1,891,468</b>	<b>3.97%</b>

*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 Type<sup>1</sup>**  
**Last Nine Fiscal Years**

Other Governmental Activities Debt					
Fiscal Year Ended June 30	Tax Allocation Bonds	Tax Allocation Refunding Bonds	Capital Leases	Certificates of Participation	
2012	\$ -	\$ -	\$ 1,565,275	\$ 74,510,000	
2011	84,275,000	20,960,000	2,930,437	76,045,000	
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	
Fiscal Year Ended June 30	Lease Revenue Bonds	Refunding Revenue Bonds	Long Term Loans		
2012	\$ 76,370,000	\$ -	\$ 1,708,894		
2011	80,740,000	-	7,633,917		
2010	84,930,000	64,930,000	8,006,082		
2009	88,960,000	69,750,000	8,328,862		
2008	92,830,000	74,335,000	7,050,475		
2007	96,543,001	78,695,000	7,054,737		
2006	100,967,003	82,850,000	8,878,375		
2005	105,301,003	86,830,000	10,586,752		
2004	108,220,004	90,605,000	12,189,685		
Business-type Activities					
Fiscal Year Ended June 30	Revenue Bonds Payable	Certificates of Participation	Refunding COP	Notes Payable	
2012	\$ 14,565,000	\$ -	\$ 5,480,000	\$ 992,102	
2011	15,420,000	-	6,695,000	1,153,012	
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	



Private-purpose Trust Activities						
Fiscal Year Ended June 30	Tax Allocation Bonds	Tax Allocation Refunding Bonds	Long Term Loans			
2012	\$ 83,730,000	\$ 19,070,000	\$ 6,220,687			
2011	-	-	-			
2010	-	-	-			
2009	-	-	-			
2008	-	-	-			
2007	-	-	-			
2006	-	-	-			
2005	-	-	-			
2004	-	-	-			
Total						
Fiscal Year Ended June 30	Primary Government	Percentage of Personal Income <sup>2</sup>	Debt Per Capital <sup>2</sup>			
2012	\$ 284,211,958	\$ 0.18%	\$ 5,398			
2011	295,852,366	0.20%	5,933			
2010	305,816,520	0.21%	6,255			
2009	320,807,582	0.21%	6,085			
2008	335,010,966	0.22%	6,400			
2007	276,067,997	0.18%	5,375			
2006	292,518,637	0.21%	6,169			
2005	309,118,929	0.24%	6,978			
2004	323,329,176	0.26%	7,736			

Notes:

Source: City of Santa Ana 2004 - 2012 CAFRS

1. Details regarding the City's outstanding debt can be found in the notes to the financial statements
2. Population and personal income data can be found in Schedule 17 of the Statistical Section;  
Ratios are calculated using prior calendar year. Changed data from metropolitan area to Orange County data.

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

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

	Fiscal Year			
	2012	2011	2010	2009
Debt limit	\$ 502,521,612	\$ 497,207,207	\$ 512,795,676	\$ 548,286,091
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ <u>502,521,612</u>	\$ <u>497,207,207</u>	\$ <u>512,795,676</u>	\$ <u>548,286,091</u>

Legal Debt Margin Calculation for Fiscal Year 2012:

Assessed value	\$ 20,100,864,489
Debt Limit (2.5 percent of assessed value) <sup>1</sup>	<u>502,521,612</u>
Debt applicable to limit:	
General obligation bonds	None
Legal debt margin	\$ <u>502,521,612</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					
<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 529,602,908	\$ 488,986,777	\$ 436,374,410	\$ 333,262,607	\$ 280,586,375	\$ 266,029,957
-	-	-	-	-	-
<u>\$ 529,602,908</u>	<u>\$ 488,986,777</u>	<u>\$ 436,374,410</u>	<u>\$ 333,262,607</u>	<u>\$ 280,586,375</u>	<u>\$ 266,029,957</u>

**Direct and Overlapping Debt  
Fiscal Year 2012**

City of Santa Ana

2011-12 Assessed Valuation:	\$	20,100,864,489
Redevelopment Incremental Valuation:		5,229,474,085
Adjusted Assessed Valuation	\$	<u>14,871,390,404</u>

	Total Debt	% Applicable	(1)	City's Share of
	06/30/12			Debt 06/30/12
<u>Overlapping Tax and Assessment Debt:</u>				
Metropolitan Water District	\$ 196,545,000	0.821	\$	1,613,634
Coast Community College District	317,803,867	0.281		893,029
Rancho Santiago Community College District	302,555,660	27.678		83,741,356
Garden Grove Unified School District	128,500,160	13.307		17,099,516
Santa Ana Unified School District	302,027,117	55.714		168,271,388
Tustin Unified School District Facilities Improvement District No 2002-1	57,675,577	11.879		6,851,282
Tustin Unified School District Facilities Improvement District No 2008-1	49,000,000	11.781		<u>5,772,690</u>
Total Overlapping Tax and Assessment Debt:			\$	<u>284,242,895</u>

Ratios to 2011-12 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 1.41%

Direct General Fund Debt:

**City of Santa Ana General Fund Obligations**

Police Administration & Holding Facility Series 1994 A	67,100,000			67,100,000
City Hall Expansion Project	8,795,000			8,795,000
Refunding Series 2003A	5,480,000			5,480,000
Refunding Series 2004A	13,640,000			13,640,000
<b>Total Gross Direct General Fund Debt</b>	<b>95,015,000</b>	<b>100.000</b>		<b>95,015,000</b>
<b>Less: City of Santa Ana Certificate of Participation supported by parking revenues</b>				<b>5,480,000</b>
<b>Total Net Direct General Fund Debt</b>			\$	<b><u>89,535,000</u></b>

Overlapping General Fund Debt:

Orange County General Fund Obligations	\$ 233,751,000	3.947%	\$	9,226,152
Orange County Pension Fund Obligations	214,405,353	3.947		8,462,579
Orange County Board of Education Certificates of Participation	16,000,000	3.947		631,520
Coast Community College District Certificates of Participation	20,240,000	0.281		56,874
Orange Unified School District Benefit Obligations	89,865,000	2.519		2,263,699
Orange Unified School District Certificates of Participation	48,555,000	2.519		1,223,100
Santa Ana Unified School District Certificates of Participation	50,672,741	55.714		28,231,811
Tustin Unified School District Certificates of Participation	4,605,000	7.413		341,369
Irvine Ranch Water District Certificates of Participation	77,190,000	0.575		<u>443,843</u>
Total Overlapping General Fund Debt			\$	<u>50,880,947</u>
Total Net Direct and Overlapping General Fund Debt			\$	<u>140,415,947</u>

Total Gross Overlapping Debt	\$	335,123,842
Total Net Overlapping Debt	\$	335,123,842

Gross Combined Total Debt	\$	430,138,842 (2)
Net Combined Total Debt	\$	424,658,842

(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 Adjust Assessed Valuation:

Gross Total Direct Debt (\$95,015,000).....	0.64%
Net Total Direct Debt (\$89,535,000).....	0.60%
Gross Combined Total Debt.....	2.89%
Net Combined Total Debt.....	2.86%

State School Building Aid Repayable as of 06/30/12 \$0

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

Fiscal Year Ended June 30	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 49,482	\$ 46,197	\$ 3,285	855	664	2.16
2011	47,783	44,917	2,866	830	688	1.89
2010	48,782	42,542	6,240	810	708	4.11
2009	47,338	38,734	8,604	790	729	5.67
2008	42,574	38,356	4,218	770	749	2.78
2007	42,233	36,327	5,906	750	767	3.89
2006	38,401	32,810	5,591	740	783	3.67
2005	35,992	32,846	3,146	455	1,069	2.06
2004	35,040	29,500	5,540	435	1,093	3.63
2003	31,181	27,679	3,502	410	1,115	2.30

Source: City of Santa Ana 2003 - 2012 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 Nine Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2011*	327,731	\$ 157,388,825	\$ 52,655	8.7%
2010	324,528	150,467,328	49,863	9.5%
2009	357,754	146,052,466	48,893	8.8%
2008	355,662	155,925,156	52,720	5.3%
2007	353,184	153,446,641	52,342	3.9%
2006	353,428	150,598,354	51,359	3.4%
2005	351,322	139,408,948	47,417	3.8%
2004	351,697	130,321,396	44,301	4.3%
2003	347,237	122,427,855	41,793	4.8%

## Sources:

1. State Department of Finance
2. Bureau of Economic Analysis; changed from metropolitan area data to Orange County data
3. State of California Employment Development; rate changed from State rate to County rate

\* 2011 Personal Income and Per Capita Personal Income based on state percent change; no other data available

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 2012**

<u>Employer</u>	<u>2012</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
County of Orange	12,146	7.3%
Ingram Micro	4,000	2.4%
United States Postal Service	2,646	1.6%
Rancho Santiago Community College	2,300	1.4%
First American Financial	1,215	0.7%
City of Santa Ana	1,003	0.6%
Corinthian Colleges Inc	850	0.5%
Freedom Communications	800	0.5%
Ponderosa Builders, Inc.	800	0.5%
Alan B Whitson Company	750	0.4%

*"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			
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government (1)	165	178	192	203
Cultural recreation and community services (2)	390	396	395	404
Public safety (3)	654	877	896	934
Developmental services (4)	222	256	246	281
Community development	<u>74</u>	<u>90</u>	<u>94</u>	<u>111</u>
Total	<u><u>1,505</u></u>	<u><u>1,797</u></u>	<u><u>1,823</u></u>	<u><u>1,933</u></u>

1. Includes Human Resources and Finance

2. Includes Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

5. As of April 2012 SAFD left the City and joined OCFA. The City now contracts with OCFA for fire services.

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



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

2008	2007	2006	2005	2004	2003
232	229	218	211	216	225
459	462	360	369	386	450
973	963	939	919	981	997
326	311	294	303	308	322
121	122	118	132	138	141
<u>2,111</u>	<u>2,087</u>	<u>1,929</u>	<u>1,934</u>	<u>2,029</u>	<u>2,135</u>

**Operating Indicators by Function  
Last Seven Fiscal Years**

	2012	2011	2010
<b>Police:</b>			
Physical arrests	6,456	11,645	11,313
Parking citations issued	36,709	82,737	87,827
Traffic citations issued	6,816	12,873	17,989
Responses to 911 calls	90,644	150,057	24,986
<b>Fire:</b>			
Number of emergency calls-SAFD	14,817	18,360	17,808
Number of emergency calls-OCFA	4,024		
Inspections-SAFD	2,890	4,931	5,124
Inspections-OCFA	-		
<b>Public Works:</b>			
<b>Streets:</b>			
-Street resurfacing (miles)	-	-	-
-Pot holes repaired	24,500	23,750	25,000
<b>Sanitation:</b>			
-Refuse collected (tons/year) *			
-Recyclables collected (tons/year) *			
<b>Refuse collected (tons/year)</b>			
-Goal: Max lbs refuse disposed/person *	7.5	7.5	7.5
-Actual: lbs refuse disposed/person *	4.8	5	4.7
<b>Water:</b>			
-New connections	61	22	35
-Water mains breaks	25	35	41
-Average daily consumption (thousands of gallons)	34,000	33,400	34,900
<b>Parks, recreation and community services:</b>			
Athletic field permits issued	9,229	8,781	8,890
Number of recreation classes (subjects)	186	172	151
Number of facility rentals	2,872	2,722	3,014
<b>Planning and Building:</b>			
Number of building permits issued	2,347	2,355	2,032
Number of plan checks	2,220	1,561	1,405
Number of inspections	21,077	24,185	23,168
Number of demolition building permits	43	27	17
<b>Value of construction (in thousands):</b>			
-Commercial and industrial construction	9,564	12,278	2,544
-Residential construction	30,744	11,695	1,408
-Other additions and alterations	76,961	73,671	55,008

\* 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

2009	2008	2007	2006
12,975	13,841	12,450	12,219
94,792	103,817	103,383	95,299
20,154	26,233	42,995	34,028
25,009	25,616	24,671	22,301
17,859	10,645	18,215	19,960
3,985	2,033	4,026	4,106
94	10	2	1.39
25,000	27,440	28,500	26,570
	1,025,000	1,025,000	970,000
	620,000	600,000	580,000
8			
5			
52	89	147	107
19	21	27	13
36,700	38,400	83,000	42,000
9,871	9,139	8,659	9,855
158	127	104	91
3,335	3,002	2,691	1,812
2,215	3,112	3,868	4,581
1,571	2,672	3,221	2,574
39,147	48,687	42,308	41,659
12	42	45	48
6,571	14,069	15,031	7,374
951	7,170	22,007	122,060
43,132	69,403	64,773	93,717

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

	2012	2011	2010	2009	2008	2007	2006
Police:							
Stations	3	2	2	2	2	2	2
Fire:							
Fire stations	10	10	10	10	10	10	10
Public Works:							
Street (miles)	422	421	425	425	425	425	400
Streetlights	1,805	1,789	1,630	1,606	1,606	1,593	1,582
Traffic Signals	298	292	285	285	282	279	275
Parks, Recreation and community services							
Number of parks	35	35	35	35	35	40	40
Number of libraries	2	2	2	2	2	2	2
Number of recreation facilities	17	17	17	17	17	8	8
Number of municipal swimming pools	5	5	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	2 WITH 25 COURTS	2 WITH 25 COURTS
Number of miles of bike trails	11	11	11	11	11	11	11
Water:							
Water mains (miles)	481	478	478	488	488	488	488
Maximum daily capacity (thousands of gallons)	146,000	146,000	146,000	146,000	146,000	159,000	157,000
Number of water wells	20	20	20	20	20	19	19
Number of reservoirs	10	10	10	10	10	10	10
Number of hydrants	4,815	4,812	4,812	4,779	4,943	4,927	4,901
Sewer:							
Sewer mains (miles)	390	390	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

## **2012 Comprehensive Annual Financial Report**

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