



2013 Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

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

2013
Comprehensive Annual
Financial Report

For the Fiscal Year Ended June 30, 2013

Prepared by
Finance & Management Services Agency

Francisco Gutierrez
Executive Director



Comprehensive Annual Financial Report

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CITY OF SANTA ANA, CALIFORNIA
Comprehensive
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MAYOR

Miguel A. Pulido
MAYOR PRO TEM
Sal Tinajero

COUNCILMEMBERS

Angelica Amezcua
P. David Benavides
Michele Martinez
Roman Reyna
Vincent F. Sarmiento



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

CITY OF SANTA ANA

20 Civic Center Plaza • P.O. Box 1988
Santa Ana, California 92702
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December 04, 2013

Honorable Mayor and members of the City Council:

In accordance with the requirements of the California State law and City Charter, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Santa Ana (the City) for the fiscal year ended June 30, 2013. 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.

The CAFR consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. In making these representations, management of the City 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'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.

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.

Independent Audits

The City's Charter requires an annual audit by a qualified independent certified public accountant. As such, over the past five years the City has retained the services of Macias Gini & O'Connell LLP, a firm of licensed independent certified public accountants to audit its financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City

SANTA ANA CITY COUNCIL

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for the fiscal year ended June 30, 2013 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's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Additionally, the City is also required to undergo an annual "Single Audit" in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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. Due to the size and complexity of the City's financial systems and the timing of the audit, the Single Audit report is issued separately from the CAFR. The Single Audit reports are finalized during the first calendar quarter and available upon request.

City Profile

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

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

The City of Santa Ana is the 2nd largest City within Orange County occupying 27.2 square miles and serving a population of 329,915. Centrally located within Orange County, the City serves as the governmental center housing State and Federal Offices, County Administration, County Court functions and the Ronald Reagan Federal Court House within its civic center complex. The current Office of Management and Budget (OMB) metropolitan designation for the Orange County Area is Santa Ana–Anaheim–Irvine.

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

Downtown Santa Ana area. With all these amenities, Santa Ana was ranked in the top 100 places to live according to a recent survey of 1,700 U.S. cities conducted by Livability.com.

Santa Ana is the corporate headquarters of various companies including Behr Paint, Corinthian Colleges, First American Corporation, MSC Software, URS Corporation, Greenwood & Hall, Ingram Micro, The Orange County Register, SchoolsFirst Federal Credit Union, STEC, TTM Technologies, beverage company Kern's, Harvey's a manufacture of seat-belt purses and Wahoo's Fish Taco. It also houses major regional headquarters for the Xerox Corporation, Psomas, Ultimate Software, and T-Mobile. One of Santa Ana's most notable businesses is the Rickenbacker musical instrument company, whose electric guitars and bass guitars earned fame in the hands of many rock and roll legends.

The City of Santa Ana is one of the first to adopt the council-manager form of government and has operated under this form of government since 1952. Policy-making and legislative authority are vested in a governing City Council consisting of the mayor and six Council 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.

Budget Planning and Control

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls, which are designed to ensure compliance with legal provisions of the annual budget adopted by the City Council. Operating and capital budgets are legally adopted by ordinance and the level of legal budget control is by fund, department (e.g., police), and program (e.g., police patrol).

As means to further its financial planning, the City recently transitioned from a one-year to a two-year budget cycle and prepares a five-year budget forecast. The two-year budget cycle and five-year forecast provide an ability to foresee fiscal issues that may arise in the future and provide sufficient lead time to develop a plan of action to remedy the situation. The process for developing and adopting a two-year budget takes place every other year. During the months of January through April of the two-year budget cycle, the City of Santa Ana agencies submit requests for appropriation to the City Manager which are then used to develop the proposed budget. In addition, under the Sunshine Ordinance, the City is required to conduct two community budget forums to disseminate info and record community input as it relates to the budget.

The City Manager then presents the 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. 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 118 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 119 through 120 as well as on pages 134 through 137.

Economic Condition and Outlook

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 2nd highest producing metro area in the country 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 25,700 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, general retail, business to business food industry and construction. Transportation and general retail make up over 50% of the City's sales tax base. 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 has provided a competitive edge in maintaining and attracting new businesses to the area. Unfortunately the State will end this program at the end of calendar year 2013. As a means to continue to broaden the City's economic base, the City will embark on a new economic development strategy.

Local economy. Although the City is positioned to prosper given the activity as listed above, the economic recession which began in 2007 did have a dramatic negative impact 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. Some improvement in the area of employment has occurred. According to the State of California Employment Development Department (EDD) August 2013 preliminary numbers, California's unemployment rate fell to 8.8%, Orange County was at 6.2%, while Santa Ana which reached a high of 15% in 2010 has dropped to 9.9%. All these events placed pressure on local economic activity. 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, the City's major local tax revenue sources (sales, property tax and hotel visitors' taxes) are trending upwards.

Overall, there are signs of an economic recovery and as of the end of fiscal year 2011-12 the City has established a new revenue base line. Since the end of the recession, the City has seen gradual improvements in the housing market, lower unemployment levels and modest increase in its major revenue sources. Although modest, these gains are vulnerable to the looming federal shutdown and possible sequestration of funds which may place pressure on a quick recovery and how those local discretionary dollars are spent.

The State of California, although much improved, has used its own budgetary challenges to place pressure upon local city revenues. As an example and in response to their own budgetary challenges, in February 2011 the State eliminated the current funding mechanism for all Redevelopment Agencies. More recently and as stated above, the State has eliminated enterprise zone tax credits which is one of the elements used by many cities for economic development. Curtailing redevelopment and economic development activities has challenged local agencies to change its efforts and strategy in creating jobs and future development projects.

Long-term financial planning

With the collapse of the economy in 2007-2009, ensuring the City's financial stability has become a critical priority with the City 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 fiscal year 2008-09 thru 2012-13, 735 (41%) 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.

In fiscal year 2012-13 the City committed to establishing a fundamental strategy of balancing budgets by adopting a formal budget and reserve policy, which provides guidelines for a balanced budget approach, use of one-time funds, and appropriate reserve levels as recommended by the Government Finance Officers Association (GFOA). Continuing with the efforts to improve the City's financial health, the City transitioned from a one-year to a two-year budget cycle. On June 17, 2013, City Council adopted its first ever two-year balanced budget which met all guiding principles as set by the budget and reserve policy. The adoption of the fiscal year 2013-15 budget included a five-year forecast which incorporates revenue, expenditure and reserve levels through fiscal years 2017-18.

Over the next 2013-15 fiscal years, the City will review its debt issuance to determine refinancing opportunities or to reduce annual payments by capitalizing on lower interest rates. The City will continue to review its various funds to ensure adequate reserves and ensure proper reserve levels across all funds. Given that labor comprises over 50% of the General Fund expenses, the organization will continually look for opportunities to contain its compensation structure through higher employee contributions (employees to pick-up higher costs) as it relates to pension and health benefits, conduct a citywide compensations study so that salaries are in alignment with the market, and explore alternative service delivery models that are cost effective and more efficient. In addition, the City will look to ensure that all areas have sound fiscal and legal assessments as it moves to structural stability.

As a means to provide additional services to the community and reduce the burden on City finances, the City will continue to research Federal and State grant opportunities 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 \$63.2 million in competitive grant funding in fiscal year 2013-2014. Also through the efforts of the Santa Ana Police Department, the Department of Homeland Security has awarded the City the Urban Area Security Initiative Grant (UASI) for nine consecutive years. The Santa Ana Police Department UASI grant budget for fiscal year 2013-14 is \$8.9 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 \$51.7 million Capital Improvement Program. Fiscal year 2013-2014 includes: \$33.4 million committed for street resurfacing, and reconstruction of damaged curbs, and sidewalks; \$9.4 million for improvements at City parks and public facilities; \$5.4 million for improvements to the water and sewer systems; and \$3.5 million for traffic improvements.

Major Initiatives. The City has embarked on many initiatives that embrace community involvement, increase transparency, support future development, promote innovation and efficiencies, and improve the overall environment of the City. The following are examples of such measures:

- The City of Santa Ana is in the process of developing a five-year Strategic Plan which will provide the vision and goals as well as identify projects and resource needs for the future of the City and community. In addition, the outcome of the Strategic Plan will provide direction on the development of future budgets. To date, the City has conducted a series of community outreach and focus group meetings, met with independent and non-profit organizations as well as community leaders and advocacy groups, and developed a community online survey to ensure the strategic plan reflects community and business needs. The Strategic Plan is schedule to be completed in time for the development of the 2015-17 two-year budget process.
- The City's Finance and Management Services Agency (FMSA) in accordance with the Sunshine Ordinance has increased transparency by promoting community involvement, presented financial and budgetary information at community forums, enhanced its budget website to include all content presented at community budget forums and developed a central repository in which all bids may be accessed. Over the subsequent fiscal years, FMSA will continue to expand upon its transparency measures and promote community involvement.
- The Planning and Building Agency (PBA) is in the initial phases of updating the City's General Plan and Zoning Ordinance. This first phase will be to evaluate the outcome of the City's Strategic Plan and determine how best to include it within the general plan. Based on the outcomes, PBA will begin to explore various approaches for completing the update, including the preparation of a vision document and extensive engagement with the community.
- The Planning and Building Agency (PBA) 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. In addition, PBA has started development on a new online permitting system for several building, electrical,

mechanical and plumbing permits. This new service will allow customers to apply, pay for, and print certain permits directly from their home or business. In conjunction with the recently launched online inspection scheduling system, this new process promises to substantially reduce the need for applicants to come to City hall during the permitting and inspection process.

- The City is developing a comprehensive Climate Action Plan. The goal of the Plan is to create an environmentally friendly future and to make the City a better place in which to live and work. Many of the strategies and measures that will be implemented will reinvest in the community through benefits such as improved air quality, reduced energy and water use, reduced traffic congestion, and other environmental improvements.
- The City has established a Green Facilities and Fleet Management Strategic Plan to transition from fossil fuel vehicles into Hybrid and Alternative Fuel vehicles. The objective is to replace City vehicles with the cleanest and most fuel-efficient vehicles based on the needs of the various City agencies. To accommodate the transition, the City has installed fueling stations for hydrogen and compressed natural gas (CNG) vehicles as well as installed electric vehicle (EV) charging stations in selected areas of the City.

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 12-13 effective rate for Safety members and miscellaneous members was 28.480% and 20.099%, respectively. Through labor negotiations, the City has secured all bargaining groups to contribute a portion of the PERS retirement costs on a go forward basis. Contributions vary by labor group and range from 8% to 10.5%.

The City of Santa Ana also provides limited post-retirement health and dental care benefits, also known as Other Post Employee Benefits (OPEB), for certain retirees and their dependents. As of the end of the current fiscal year, there were 244 (excluded Police Officers Association-POA) retired employees receiving these benefits, which are financed on a pay-as-you-go basis. During fiscal years 2011-12 and 2012-13, the City outsourced the Santa Ana Fire Department and sought legal opinion on certain labor groups OPEB liabilities, which resulted in a reduction of \$80 million or 65% in unfunded liabilities. The City will continue to explore possibilities to further reduce any future burdens associated with OPEB.

Additional information on the City of Santa Ana's pension arrangements and post-employment benefits can be found in pages 104 through 111 as well as pages 123 and 124 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, 2012. The government has received this prestigious award for thirty five consecutive years. In order to be awarded a Certificate of Achievement, the

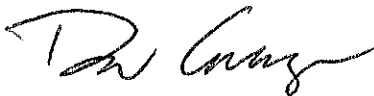
December 04, 2013

government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



David Cavazos
City Manager



Francisco Gutierrez
Executive Director
Finance & Management Services



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

GFOA Certificate of Achievement

Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2012



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Santa Ana
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emswiler".

Executive Director/CEO

Directory of City Officials
June 30, 2013

Miguel A. Pulido

Mayor

Sal Tinajero

Mayor Pro Tem

Angelica Amezcua

Councilmember

P. David Benavides

Councilmember

Michele Martinez

Councilmember

Roman A. Reyna

Councilmember

Vincent F. Sarmiento

Councilmember

David Cavazos

City Manager

Sonia R. Carvalho

City Attorney

Maria D. Huizar

Clerk of the Council

Nancy Fong

Interim Executive Director

Community Development

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

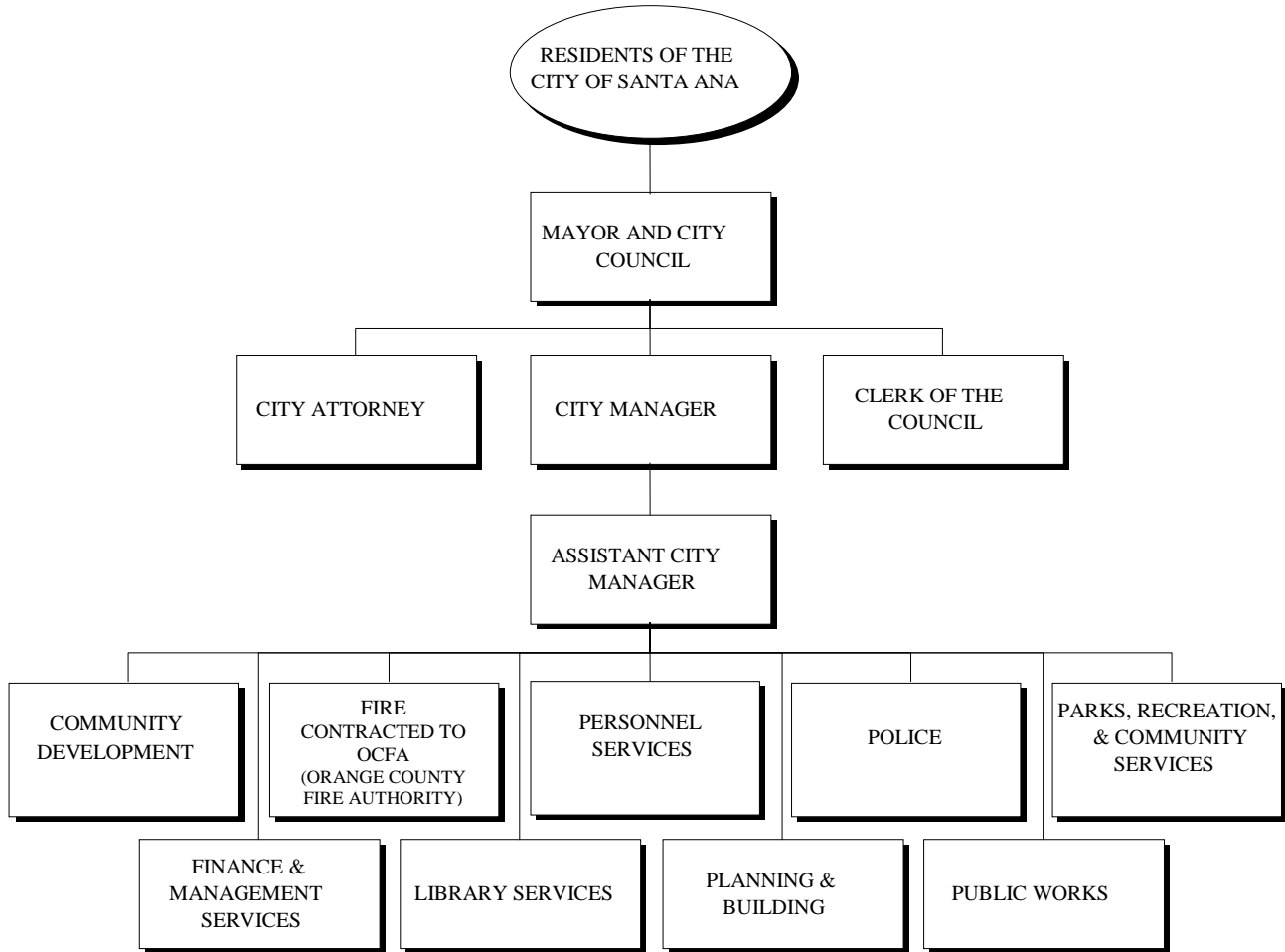
Edwin Galvez

Interim Executive Director

Public Works Agency

Table of Organization

Fiscal Year 2012-2013





CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Ana, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the City of Santa Ana, California, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As noted in Note 6, 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 (DOF) on the amounts due to taxing entities as noted in the Due Diligence Reviews for the Low and Moderate Income Housing Fund (LMIHF) and for the Other Funds and Accounts (OFA). The Successor Agency has contested the DOF's request believing the \$33.2 million and the \$11.2 million from LMIHF and OFA respectively, are related to enforceable obligations. Due to the uncertainties surrounding the ongoing matters with the DOF, 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. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 20-31 and 118-120 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical sections identified in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules identified in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules identified in the accompanying table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December, 4 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Macias Jini & O'Connell LLP

Newport Beach, California
December 4, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages 1-8 of this report. 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 \$1,199,247 (net position). Of this amount, \$101,218 is unrestricted. The City's net investment in capital assets is \$890,196, and \$207,833 is restricted for debt service, capital projects and specific projects and programs. Overall, governmental activities total revenue decreased \$72,381 (19.36%) when compared to the prior year. The City's general revenues (a component of the general activities total revenue) decreased \$23,236 or (12.99%) from fiscal year 2011-12 primarily as a result of the dissolution of Redevelopment and the elimination of Property Tax Increment dollars. Sales tax, Business tax and Hotels visitors' tax revenues increased slightly indicating a modest improvement in the economy. The City's program revenue also decreased \$47,511 (16.84%) in fees and charges for services and experienced the decreases in the grant revenues. However, the City's expenditures were under the revenues 5.97% due to the saving in labor cost and the hiring freeze, which resulted in an increase of total net position by \$23,314.
- As of the close of the current fiscal year, the City of Santa Ana's governmental funds reported a combined ending fund balance of \$135,027, a decrease of \$612 as compared to the prior fiscal year. The decrease was primarily due to the Successor Housing Agency recorded the completion of Housing projects. Total fund balance (nonspendable, assigned, and unassigned) for the general fund totaled \$39,379, representing an increase of \$11,352 (64.2%) 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, 2013 the unassigned fund balance is \$30,688 or 14.58% of fiscal year 13-14 budgeted operating expenditures (See Note 5H on page 112) 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 \$11,275 in the fiscal year under review due to principal repayments of existing debt. (See Note 4D on page 86 through 98).

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City 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 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 36-38 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 fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Grants Fund, Special Revenue Housing Authority Fund, Special Revenue Gas Tax Fund, Capital Projects Housing Successor Agency, Capital Projects Street Construction, 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 167 to 171 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 64-114 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 118-124 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 128-171 of this report.

Government-wide Financial Analysis

As noted earlier, net position 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 \$1,199,247 at the close of fiscal year 12-13 as compared to the net position of \$1,175,933 in fiscal year 11-12.

By far the largest portion of the City of Santa Ana net position 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 Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 348,826	\$ 351,586	\$ 59,524	\$ 49,527	\$ 408,350	\$ 401,113
Capital assets	944,131	935,381	108,102	110,200	1,052,233	1,045,581
Total assets	<u>1,292,957</u>	<u>1,286,967</u>	<u>167,626</u>	<u>159,727</u>	<u>1,460,583</u>	<u>1,446,694</u>
Long-term liabilities	205,644	211,434	21,076	22,993	226,720	234,427
Other liabilities	26,072	27,460	8,544	8,874	34,616	36,334
Total liabilities	<u>231,716</u>	<u>238,894</u>	<u>29,620</u>	<u>31,867</u>	<u>261,336</u>	<u>270,761</u>
Net position:						
Net investment in capital assets	800,141	787,634	90,055	89,780	890,196	877,414
Restricted	204,518	236,683	3,315	2,322	207,833	239,005
Unrestricted	56,582	23,756	44,636	35,758	101,218	59,514
Total net position	<u>\$ 1,061,241</u>	<u>\$ 1,048,073</u>	<u>\$ 138,006</u>	<u>\$ 127,860</u>	<u>\$ 1,199,247</u>	<u>\$ 1,175,933</u>

An additional portion of the City of Santa Ana's governmental activities net position (19.27%) represents resources that are subject to external restrictions on how they may be used. As of June 30, 2013 the City's governmental activities unrestricted net position is a positive \$56,582 or 5.33% of net position. The government's total net position increased by \$23,314 for the current fiscal year. The largest component of this increase is due primarily to the City's expenditures were under the revenues 5.97% as the results of the saving in labor cost and the hiring freeze.

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

Governmental activities. Governmental activities increased the City of Santa Ana's net position by \$13,168, thereby accounting for 56.48 % of the total growth in net position. Key elements related to the increase are as follows:

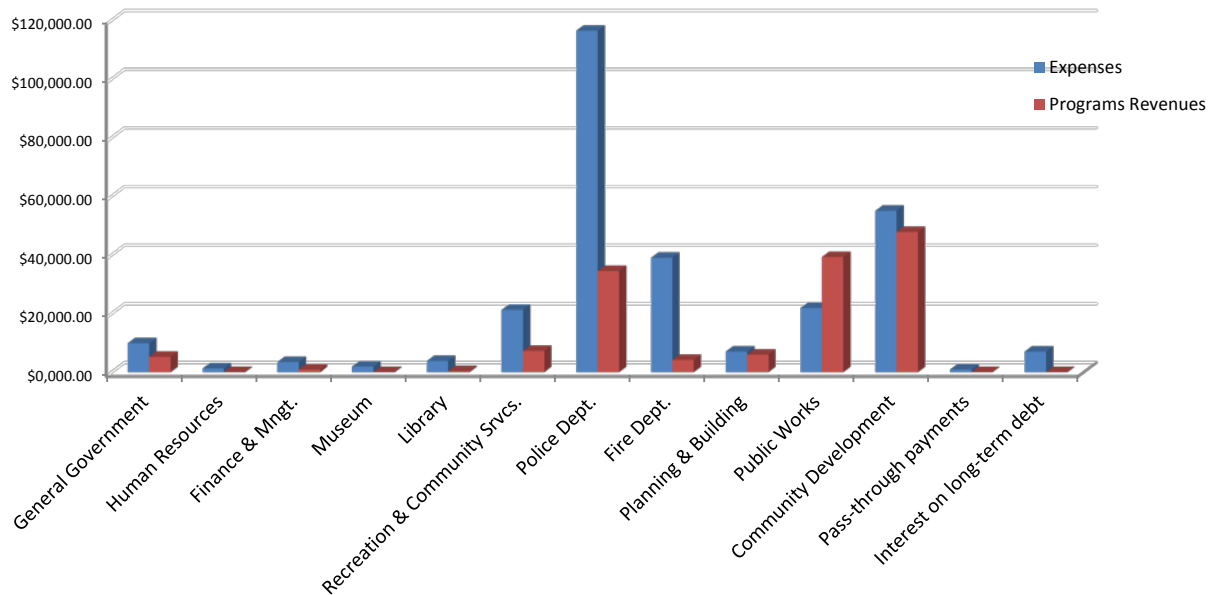
City of Santa Ana's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 51,484	\$ 82,965	\$ 89,212	\$ 86,460	\$ 140,696	\$ 169,425
Operating grants and contribution	64,700	75,051	22	666	64,722	75,717
Capital grants and contribution	29,214	37,001	-	-	29,214	37,001
General revenues:						
Property taxes	62,347	87,190	-	-	62,347	87,190
Sales taxes	40,978	38,744	-	-	40,978	38,744
Hotels visitor's taxes	7,490	7,024	-	-	7,490	7,024
Utility users taxes	24,415	24,367	-	-	24,415	24,367
Business taxes	10,671	10,318	-	-	10,671	10,318
Franchise taxes	9,001	7,460	-	-	9,001	7,460
Other taxes	962	1,401	-	-	962	1,401
Intergovernmental, unrestricted	833	466	-	-	833	466
Investment income	(1,292)	951	(322)	152	(1,614)	1,103
Others	617	863	-	-	617	863
Total revenues	301,420	373,801	88,912	87,278	390,332	461,079
Expenses:						
General government	9,879	7,607	-	-	9,879	7,607
Human resources	1,296	1,396	-	-	1,296	1,396
Finance and management services	3,453	2,361	-	-	3,453	2,361
Museum	1,908	1,949	-	-	1,908	1,949
Library	3,831	3,706	-	-	3,831	3,706
Recreation and community services	21,256	18,247	-	-	21,256	18,247
Police department	116,418	98,802	-	-	116,418	98,802
Fire department	39,026	40,712	-	-	39,026	40,712
Planning and building	7,033	7,610	-	-	7,033	7,610
Public works	21,899	18,538	-	-	21,899	18,538
Community development	55,016	77,219	-	-	55,016	77,219
Pass-through payments to districts and other agencies	915	3,393	-	-	915	3,393
County administrative charge	-	1,547	-	-	-	1,547
Interest on long-term debt	7,027	8,669	-	-	7,027	8,669
Water	-	-	44,527	49,271	44,527	49,271
Parking	-	-	2,756	2,963	2,756	2,963
Refuse	-	-	16,122	16,024	16,122	16,024
Transportation center	-	-	1,317	1,280	1,317	1,280
Sewer	-	-	4,351	4,268	4,351	4,268
Sanitation	-	-	7,913	8,417	7,913	8,417
Federal clean water protection	-	-	1,780	1,637	1,780	1,637
Total expenses	288,957	291,756	78,766	83,860	367,723	375,616
Increase in net position before						
Extraordinary Gain	12,463	82,045	10,146	3,418	22,609	85,463
Extraordinary Gain	705	25,440	-	-	705	-
Increase in net position	13,168	107,485	10,146	3,418	23,314	110,903
Net position beginning	1,048,073	940,588	127,860	124,442	1,175,933	1,065,030
Net position ending	\$ 1,061,241	\$ 1,048,073	\$ 138,006	\$ 127,860	\$ 1,199,247	\$ 1,175,933

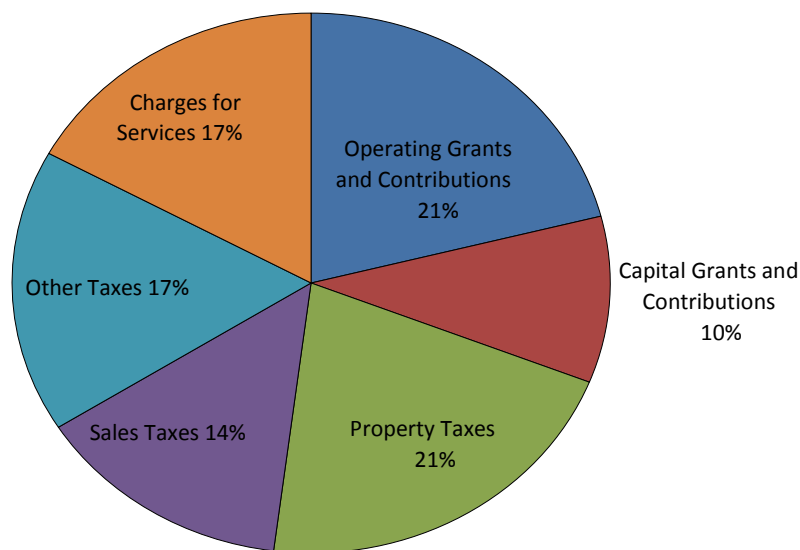
Property taxes decreased by \$24,843 (28.49 %) during the year as the result of the dissolution of the RDA and the resulting decline in property tax revenues known as Redevelopment Tax Increment. Sales tax and Hotel Visitors' tax revenue under the governmental activities increased by \$2,234 (5.77 %) and \$466 (6.63%) respectively showing signs of modest growth. Business tax and Franchise tax also increased 3.43% and 20.66% respectively. Charges for Services decreased by \$31,481 (37.94 %) primary due to the decrease of \$33.7 million in conversion of new loans and notes receivable recorded in the Governmental Activities as deferred revenue because it does not meet the availability criterion. The new loans and notes receivable

decreased in fiscal year 2013 as the result of the dissolution of the RDA. Operating and capital grants and contributions for governmental activities decreased by \$18,138 (34.84 %) primary due to the dynamic of housing market improved and investor competition made it difficult for the Neighborhood Stabilization Program (NSP) and Home grant to acquire additional foreclosed properties at a discount therefore the grants were not expended and the revenue were not received for the current year. The City’s expenditures decrease 0.96% as the results of the saving in labor cost and the hiring freeze.

Expenses and Program revenues - Governmental Activities



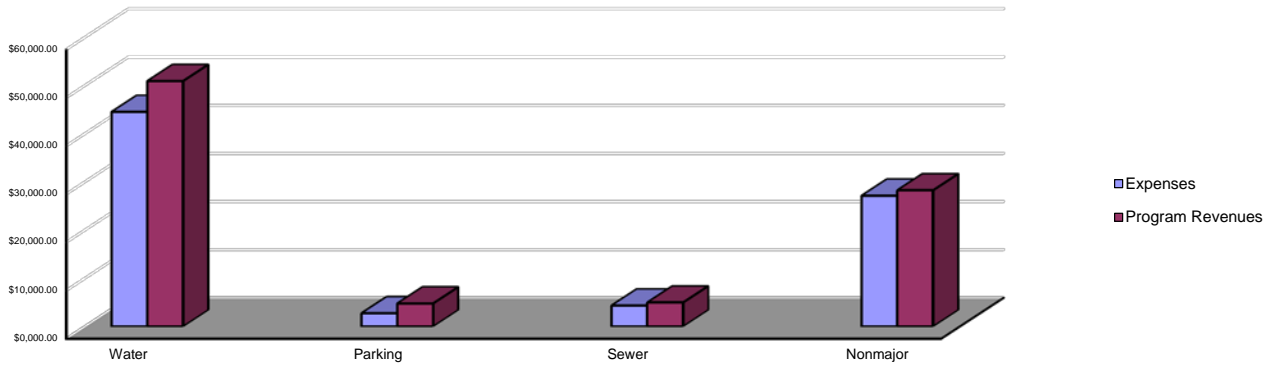
Revenue by Source - Governmental Activities



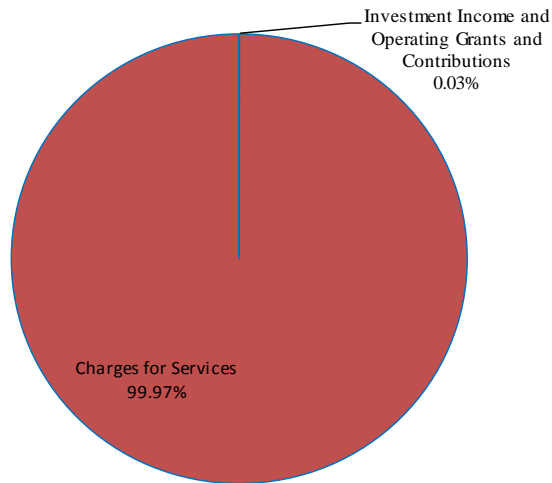
Business-type activities. Business-type activities increased the City of Santa Ana net position by \$10,146 accounting for 43.52 % of the total growth in the government's net position. Key elements of this increase are as follows:

- Charges for services in business-type activities increased by \$2,752 (3.18 %) as compared to the prior fiscal year. The Water Enterprise accounted for an increase of \$1,857, Parking Funds accounted for an increase of \$299, and Sewer Funds accounted for an increase of \$156. The nonmajor enterprise funds accounted for an increase of \$440. The increases in charges for services revenue were primary due to the increase in services demand.
- Investment earnings decrease by \$474 (311.84 %) for business-type activities. The decrease was due to the unrealized loss on the market value of the investment portfolio.
- Total expenses for business-type activities decreased by \$5,094 (6.07 %) as compared to the prior fiscal year. The decrease was primarily due to the saving in labor cost and the hiring freeze during fiscal year 2012-13.

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 \$135,027 of which \$29,122 constitutes the *unassigned fund balance*. The remainder of the total governmental fund balance is allocated as follows: 1) \$5,424 assigned to contractual obligations and continuing projects; 2) \$6,928 for non-spendable items; and 3) \$93,553 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 \$39,379 (includes non-spendable amount of \$3,267, assigned amount of \$5,424, and unassigned amount of \$30,688) as compared to \$23,996 in fiscal year 11-12. 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 three 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 12-13, sales tax and hotel visitors tax increased 4.42% and 2.11% respectively; property taxes increased 15.54% when compared to fiscal year 11-12. In addition, revenues tied to license and permits increased 2.49%.

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. In fiscal year 12-13 the expenditures for Fire department decreased \$12,376 (23.60%) compared to fiscal year 11-12.

As a measure of General Fund liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. The Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures, roughly a 15% to 20% reserve level. The City's unassigned fund balance in the General Fund is approximately 16.13 % of total 13-14 general fund operating expenditures.

The Special Revenue Grants' fund balance is \$7,822 in fiscal year 12-13 as compared to the fund balance of \$5,845 in fiscal year 11-12. The 33.81% increases were primary due to the 57.4% higher grant allocation received for Asset Forfeiture fund in fiscal year 12-13 as compared to fiscal year 11-12.

The Special Revenue Housing Authority's fund balance is \$4,059 in fiscal year 12-13 as compared to the fund balance of \$5,165 in fiscal year 11-12. The 21.42 % 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 \$239 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 Housing Successor Agency fund had a fund balance decrease of \$11,456 in the current year. The decrease was due to the increase in expenditures to complete the Redevelopment Disposition and Development Housing projects.

The Capital Projects Street Construction Fund ended with a fund balance of \$15,457 in fiscal year 12-13 as compared to the fund balance of \$20,453 in fiscal year 11-12. The decrease was primarily due to street grant revenues did not received until fiscal year 13-14.

The Debt Service Santa Ana Financing Authority Fund had a decrease of \$197 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 12-13 fiscal year with total net position of \$79,708 as compared to net position of \$73,316 in fiscal year 11-12. The 8.72 % increase was primarily due to the increase in services demand and the labor cost saving.

The Parking fund ended with total net position of \$12,986 in fiscal year 12-13 as compared to the net position of \$10,970 in fiscal year 11-12. 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 position of \$24,358 in fiscal year 12-13 as compared to the net position of \$23,739 in fiscal year 11-12. The \$619 increase was primarily due to the increase in services demand.

Unrestricted net position related to business-type activities increased \$10,239 (24.83%) at the current fiscal year as compared to \$35,757 in fiscal year 11-12.

General Fund Budgetary Highlights

During the year, there was a \$2,430 increase in appropriations between the original and final amended budget. Following are the main components of the increase (decrease):

- \$1,853 to roll forward 2011-12 active purchase orders and contractual obligations into fiscal year 2012-13 budget.
- \$47 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the fund received from the Verizon for the cell tower at Jerome Park.
- \$42 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the fund received from carnival promoters for the 2013 carnival season.
- \$18 supplemental appropriation to the Police department in anticipation of funds received from the Real Estate Fraud Trust to be used to fund overtime for an investigator handling real estate fraud cases.
- \$61 supplemental appropriation to the Police department in anticipation of funds received from the California Endowment Program. The funding provided the Police Department resources to focus on Community Outreach efforts within the Building Healthy Communities Target Area.
- \$409 supplemental appropriation to the Police department in anticipation of fund received from the County of Orange for Assembly Bill 109 for Public Safety Realignment and Postrelease Community Supervision cost reimbursement.

By year-end, General Fund revenues amounted to \$208,808 which is approximately \$9,618 (or 4.83%) higher than final budgeted. The increases were primarily due to favorable variances in residual property taxes distributed from the County of Orange due to the RDA dissolution and the property tax administrative fee refund. The General Fund expenditures were less than budgeted by \$7,174 (or 3.95%). However, unfavorable expenditures variances of \$533 (or 10.16%) primarily were attributed to Public Works expenditures funded by higher than expected revenues.

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 \$1,052,233 (net of accumulated depreciation) as of June 30, 2013. 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	
	2013	2012	2013	2012	2013	2012
Land	\$ 13,104	\$ 12,399	\$ 7,987	\$ 7,987	\$ 21,091	\$ 20,386
Rights of way	427,898	427,119	-	-	427,898	427,119
Street trees	7,031	7,031	-	-	7,031	7,031
Construction in progress	174,273	150,418	10,982	11,616	185,255	162,034
Building	80,416	86,350	2,559	2,778	82,975	89,128
Improvements	31,938	34,471	71,242	71,918	103,180	106,389
Equipment	9,266	9,310	4,319	4,458	13,585	13,768
Infrastructure	193,623	200,980	10,776	11,192	204,399	212,172
Intangible	5,516	6,140	237	251	5,753	6,391
Library materials	1,066	1,163	-	-	1,066	1,163
Total	\$ 944,131	\$ 935,381	\$ 108,102	\$ 110,200	\$ 1,052,233	\$ 1,045,581

At the end of the current fiscal year, the City’s total assets increased by \$6,652 (0.64 %). 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 4B 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 \$162,377. Of this amount, \$75,563 comprises debt backed by the full faith and credit of the government, \$85,470 represents bonds secured solely by specified revenue sources, \$166 in capitalized lease obligations and \$1,178 in long-term loans.

City of Santa Ana						
Long-term Bonded Debt and Loans						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Capital leases	166	1,565	-	-	166	1,565
Certificates-of-participation	72,910	74,510	-	-	72,910	74,510
Revenue bonds	71,785	76,370	13,685	14,565	85,470	90,935
Long-term loans and notes	352	1,709	826	992	1,178	2,701
Refunding certificates of participation	-	-	4,075	5,480	4,075	5,480
Less: Deferred amounts	(244)	(489)	(1,057)	(1,226)	(1,301)	(1,715)
Bond discounts	(877)	(910)	-	-	(877)	(910)
Add: Bond premium	238	477	518	609	756	1,086
Total	\$ 144,330	\$ 153,232	\$ 18,047	\$ 20,420	\$ 162,377	\$ 173,652

At the end of the current fiscal year, Governmental Activities long-term debt decreased by (\$8,902) and Long-term debt associated with Business-type Activities decreased (\$2,373) due to the principal repayment of existing debt. Additional information on the City of Santa Ana’s long-term debt can be found in Note 4D on pages 86 through 98.

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% (\$508,494). During the current fiscal year, total fund balance in the General Fund was \$39,379 (includes assigned amount of \$5,424 and unassigned amount of \$30,688). The assigned fund balance is of \$5,424 is committed to contractual obligations or assigned to continuing projects and incorporated into the 2013-2014 fiscal year.

As of May 10, 2013, Standard & Poor’s continued to report Santa Ana’s California series 2007 Gas Tax Revenue Certificates of Participation (COPs) and the Police Lease Revenue Bonds are stable at the rating A.

On September 12, 2012 Standard & Poor’s Rating Services removed from CreditWatch its underlying ratings (SPURs) on investment-grade tax allocation bonds (TABs) for various California redevelopment agency (RDA) successor agencies and assigned a stable outlook. Standard & Poor's also affirmed its ratings on the TABs . The 2003 Tax Allocation Bonds Series A, and 2003 Tax Allocation Refunding Bonds Series A and B and 2011 Tax Allocation Bonds Series A 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 4.8%.
- 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 Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments (Note 4A)	\$ 170,302,208	\$ 44,026,770	\$ 214,328,978
Receivables (net of allowance for uncollectibles):			
Taxes	8,217,856	6,058	8,223,914
Interest	187,838	27,473	215,311
Accounts	4,251,417	15,010,827	19,262,244
Allowance for uncollectible accounts	-	(407,448)	(407,448)
Intergovernmental	10,478,315	-	10,478,315
Loans and notes (Note 4E)	108,990,162	-	108,990,162
Advance to Successor Agency to the Santa Ana Redevelopment Agency	4,751,291	-	4,751,291
Inventory of supplies	743,837	-	743,837
Prepaid items	3,275,886	-	3,275,886
Restricted assets:			
Cash and investments (Note 4A)	8,374,561	860,363	9,234,924
Cash and investments with fiscal agents (Note 4A)	12,591,489	187	12,591,676
Land held for resale	15,067,928	-	15,067,928
Capital assets, undepreciated (Note 4B)	622,306,380	18,969,044	641,275,424
Capital assets, net of accumulated depreciation (Note 4B)	321,824,408	89,132,763	410,957,171
Deferred issuance costs, net	1,593,578	-	1,593,578
Total assets	<u>1,292,957,154</u>	<u>167,626,037</u>	<u>1,460,583,191</u>
Liabilities:			
Accounts payable	12,576,043	6,822,819	19,398,862
Interest payable	63,449	233,171	296,620
Retention payable	394,933	10,752	405,685
Customer's deposits	542,093	1,385,015	1,927,108
Unearned revenue	12,495,193	92,519	12,587,712
Non current liabilities- due within one year (Note 4D)	19,608,597	3,063,979	22,672,576
Non current liabilities- due over one year (Note 4D)	173,116,008	16,449,229	189,565,237
Postemployment benefits obligation (Note 5F)	12,919,619	1,562,687	14,482,306
Total liabilities	<u>231,715,935</u>	<u>29,620,171</u>	<u>261,336,106</u>
Net Position:			
Net investment in capital assets	800,141,314	90,054,622	890,195,936
Restricted for:			
Debt service	8,826,743	-	8,826,743
Capital projects	8,714,580	-	8,714,580
National pollution discharge elimination system	-	3,315,532	3,315,532
Special revenue	60,016,408	-	60,016,408
Special revenue housing authority projects	92,922,117	-	92,922,117
Public works street improvements	34,038,094	-	34,038,094
Unrestricted	56,581,963	44,635,712	101,217,675
Total net position	<u>\$ 1,061,241,219</u>	<u>\$ 138,005,866</u>	<u>\$ 1,199,247,085</u>

See accompanying Notes to the Basic Financial Statements.

Statement of Activities
Year ended June 30, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 9,878,812	3,477,569	1,717,200	10,486
Human resources	1,296,319	-	-	-
Finance and management services	3,453,249	844,525	34,652	-
Museum	1,907,528	-	-	-
Library	3,831,459	103,909	251,310	-
Recreation and community services	21,254,932	3,206,816	2,899,723	1,168,019
Police department	116,417,920	22,584,537	11,875,989	-
Fire department	39,025,711	3,067,309	1,128,309	-
Planning and building	7,033,078	5,568,852	409,238	-
Public works	21,899,309	11,183,773	32,315	28,029,903
Community development	55,016,312	1,446,525	46,351,672	5,128
Pass-through payments to districts and other agencies	915,143	-	-	-
Interest on long-term debt	7,027,030	-	-	-
Total governmental activities	\$ 288,956,802	51,483,815	64,700,408	29,213,536
Business-type activities:				
Water	44,528,105	51,338,802	-	-
Parking	2,755,850	4,744,200	-	-
Refuse collections	16,121,898	16,650,371	22,157	-
Transportation center	1,316,542	868,766	-	-
Sewer	4,350,966	4,938,812	-	-
Sanitation	7,912,932	7,930,924	-	-
Federal clean water protection	1,780,020	2,740,465	-	-
Total business-type activities	78,766,313	89,212,340	22,157	-
Total	\$ 367,723,115	140,696,155	64,722,565	29,213,536

General revenues:

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

Total general revenues

Extraordinary gain

Change in net position

Net position - beginning

Net position - ending

See accompanying Notes to the Basic Financial Statements.

STATEMENT OF ACTIVITIES

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (4,673,557)	\$ -	\$ (4,673,557)
(1,296,319)	-	(1,296,319)
(2,574,072)	-	(2,574,072)
(1,907,528)	-	(1,907,528)
(3,476,240)	-	(3,476,240)
(13,980,374)	-	(13,980,374)
(81,957,394)	-	(81,957,394)
(34,830,093)	-	(34,830,093)
(1,054,988)	-	(1,054,988)
17,346,682	-	17,346,682
(7,212,987)	-	(7,212,987)
(915,143)	-	(915,143)
(7,027,030)	-	(7,027,030)
\$ (143,559,043)	\$ -	\$ (143,559,043)
-	6,810,697	6,810,697
-	1,988,350	1,988,350
-	550,630	550,630
-	(447,776)	(447,776)
-	587,846	587,846
-	17,992	17,992
-	960,445	960,445
-	10,468,184	10,468,184
\$ (143,559,043)	\$ 10,468,184	\$ (133,090,859)
62,346,898	-	62,346,898
40,977,594	-	40,977,594
7,490,325	-	7,490,325
24,414,675	-	24,414,675
10,671,117	-	10,671,117
9,000,988	-	9,000,988
961,982	-	961,982
833,428	-	833,428
(1,291,758)	(321,929)	(1,613,687)
617,142	-	617,142
156,022,391	(321,929)	155,700,462
704,522	-	704,522
13,167,870	10,146,255	23,314,125
1,048,073,349	127,859,611	1,175,932,960
\$ 1,061,241,219	\$ 138,005,866	\$ 1,199,247,085



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:

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

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

DEBT SERVICE FUNDS

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

Santa Ana Financing Authority (SAFA) Fund accounts for the receipt of revenues and payment of debt service related to the Police Administration and Holding Facility Lease Revenue and the 1998 Refunding Revenue Bonds.

Nonmajor Governmental Funds

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

Balance Sheet
Governmental Funds
June 30, 2013

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Assets				
Cash and investments (Note 4A)	\$ 35,045,467	7,089,583	4,142,049	10,054,030
Receivables (net of allowance for uncollectibles):				
Taxes	8,217,856	-	-	-
Interest	35,558	3,862	2,053	9,738
Accounts	3,519,172	668,132	10,250	-
Intergovernmental	1,213,218	3,174,051	-	671,267
Loans and notes (Note 4E)	-	45,863,455	-	-
Prepaid items	3,266,819	-	9,067	-
Advances to other funds (Note 4C)	-	-	-	-
Restricted assets:				
Cash and investments (Note 4A)	-	-	-	8,105,783
Cash and investments with fiscal agents (Note 4A)	171,446	201,643	235,592	4,212,788
Land held for resale	-	-	-	-
Total assets	<u>\$ 51,469,536</u>	<u>57,000,726</u>	<u>4,399,011</u>	<u>23,053,606</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 3,538,269	3,272,797	94,105	259,676
Interest payable	52,006	-	-	-
Retention payable	-	105,021	-	-
Due to other funds (Note 4C)	-	-	-	-
Unearned revenues	5,284,311	45,801,058	245,842	-
Deposits	296,251	-	-	-
Advances payable to other funds (Note 4C)	2,920,000	-	-	-
Total liabilities	<u>12,090,837</u>	<u>49,178,876</u>	<u>339,947</u>	<u>259,676</u>
Fund balances:				
Nonspendable:				
Prepaid items	3,266,819	-	9,067	-
Surplus property from street projects	-	-	-	-
Restricted for:				
Community development	-	876,160	4,049,997	-
Debt service	-	-	-	-
Public safety	-	7,318,823	-	-
Street projects	-	-	-	22,793,930
Drainage construction	-	-	-	-
Other capital projects	-	-	-	-
Cultural recreation and community services	-	256,708	-	-
Land held for resale	-	-	-	-
Advance to private-purpose trust fund	-	-	-	-
Assigned to:				
Contractual obligations	1,654,659	-	-	-
Continuing projects	3,769,386	-	-	-
Unassigned: (Note 5H)	<u>30,687,835</u>	<u>(629,841)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>39,378,699</u>	<u>7,821,850</u>	<u>4,059,064</u>	<u>22,793,930</u>
Total liabilities and fund balances	<u>\$ 51,469,536</u>	<u>57,000,726</u>	<u>4,399,011</u>	<u>23,053,606</u>

See accompanying Notes to the Basic Financial Statements.

Capital Projects Housing Successor Agency	Capital Projects Street Construction	Debt Service SAFA	Nonmajor Governmental Funds	Total
9,344,727	18,239,522	524,895	15,873,396 \$	100,313,669
-	-	-	-	8,217,856
4,292	8,956	-	7,990	72,449
-	-	-	-	4,197,554
-	3,957,470	-	1,452,309	10,468,315
63,126,707	-	-	-	108,990,162
-	-	-	-	3,275,886
4,751,291	-	-	-	4,751,291
-	-	-	-	8,105,783
245,898	-	4,613,955	-	9,681,322
11,416,178	3,651,750	-	-	15,067,928
<u>88,889,093</u>	<u>25,857,698</u>	<u>5,138,850</u>	<u>17,333,695 \$</u>	<u>273,142,215</u>
26,040	3,800,397	185,657	436,810 \$	11,613,751
-	-	-	-	52,006
-	259,411	-	30,501	394,933
-	-	-	888,360	888,360
63,126,707	6,340,938	-	1,151,356	121,950,212
-	-	-	-	296,251
-	-	-	-	2,920,000
<u>63,152,747</u>	<u>10,400,746</u>	<u>185,657</u>	<u>2,507,027</u>	<u>138,115,513</u>
-	-	-	-	3,275,886
-	3,651,750	-	-	3,651,750
9,568,877	-	-	965,196	15,460,230
-	-	4,953,193	-	4,953,193
-	-	-	180,032	7,498,855
-	11,805,202	-	-	34,599,132
-	-	-	4,719,532	4,719,532
-	-	-	6,129,401	6,129,401
-	-	-	3,768,276	4,024,984
11,416,178	-	-	-	11,416,178
4,751,291	-	-	-	4,751,291
-	-	-	-	1,654,659
-	-	-	-	3,769,386
-	-	-	(935,769)	29,122,225
<u>25,736,346</u>	<u>15,456,952</u>	<u>4,953,193</u>	<u>14,826,668</u>	<u>135,026,702</u>
<u>88,889,093</u>	<u>25,857,698</u>	<u>5,138,850</u>	<u>17,333,695 \$</u>	<u>273,142,215</u>



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2013**

Fund balances of governmental funds		\$ 135,026,702
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. This amount does not include the capital assets of the internal service funds which are reported below.		934,606,702
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 governmental funds. This amount does not include the long-term liabilities of the internal service funds which are included below.		
Long-term debt	(154,655,546)	
Compensated absences	<u>(20,107,176)</u>	(174,762,722)
Deferred issuance costs are amortized over the maturity of the debt on the statement of net position.		1,593,578
Accrued interest payable for the current portion of interest due on long-term liabilities is not reported in the governmental funds.		(11,443)
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in the governmental funds.		109,267,285
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 position.		<u>55,521,117</u>
Net position of governmental activities		<u>\$ 1,061,241,219</u>

See accompanying Notes to the Basic Financial Statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2013

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Revenues:				
Taxes	\$ 155,863,578	-	-	-
License and permits	4,032,104	-	-	-
Intergovernmental	2,565,674	29,157,832	30,167,422	8,061,948
Charges for services	8,320,787	13,109	-	-
Fines and forfeitures	6,934,990	-	-	-
Investment income	(332,600)	36,192	28,606	(234,345)
Cost recoveries	15,291,594	25,951	-	334
Rental income	15,151,127	-	-	-
Miscellaneous	980,962	1,229,591	248,676	-
Total revenues	<u>208,808,216</u>	<u>30,462,675</u>	<u>30,444,704</u>	<u>7,827,937</u>
Expenditures:				
Current:				
General government	8,013,949	-	-	-
Human resources	1,148,897	-	-	-
Finance and management services	3,189,486	-	-	-
Museum	1,474,285	-	-	-
Library	2,706,710	646,149	-	-
Recreation and community services	13,441,222	2,940,442	-	-
Police department	100,380,821	8,541,264	-	-
Fire department	40,061,952	20,000	-	-
Planning and building	5,666,348	942,776	-	-
Public works	5,775,751	-	-	2,472,513
Community development	511,324	10,419,247	31,550,889	-
Pass-through payments to districts and other agencies	-	915,143	-	-
Capital Outlay	244,642	4,061,265	-	-
Debt Service:				
Principal retirement	1,059,556	-	-	1,220,000
Interest and fiscal charges	768,007	-	-	2,964,081
Total expenditures	<u>184,442,950</u>	<u>28,486,286</u>	<u>31,550,889</u>	<u>6,656,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,365,266</u>	<u>1,976,389</u>	<u>(1,106,185)</u>	<u>1,171,343</u>
Other financing sources (uses):				
Transfers in (Note 4C)	721,420	-	-	-
Transfers out (Note 4C)	(9,704,318)	-	-	(1,410,346)
Total other financing sources (uses)	<u>(8,982,898)</u>	<u>-</u>	<u>-</u>	<u>(1,410,346)</u>
Net change in fund balances	15,382,368	1,976,389	(1,106,185)	(239,003)
Fund balances - beginning	<u>23,996,331</u>	<u>5,845,461</u>	<u>5,165,249</u>	<u>23,032,933</u>
Fund balances - ending	<u>\$ 39,378,699</u>	<u>7,821,850</u>	<u>4,059,064</u>	<u>22,793,930</u>

See accompanying Notes to the Basic Financial Statements.

GOVERNMENTAL FUNDS

Capital Projects Housing Successor Agency	Capital Projects Street Construction	Debt Service SAFA	Nonmajor Governmental Funds	Total
-	26,250	-	117,872	\$ 156,007,700
-	11,142	-	-	4,043,246
-	14,298,385	-	4,159,305	88,410,566
-	172,767	-	244,967	8,751,630
-	-	-	-	6,934,990
76,091	(53,900)	-	84,243	(395,713)
-	1,410,189	-	528,218	17,256,286
-	166,731	-	-	15,317,858
430,212	62,700	-	14,850	2,966,991
<u>506,303</u>	<u>16,094,264</u>	<u>-</u>	<u>5,149,455</u>	<u>299,293,554</u>
-	-	-	-	8,013,949
-	-	-	141,800	1,290,697
-	-	-	-	3,189,486
-	-	-	-	1,474,285
-	-	-	-	3,352,859
-	-	-	2,553,690	18,935,354
-	-	-	1,718,805	110,640,890
-	-	-	-	40,081,952
-	-	-	232,038	6,841,162
-	2,365,759	-	109,422	10,723,445
11,962,796	-	-	-	54,444,256
-	-	-	-	915,143
-	20,125,215	-	946,757	25,377,879
-	-	4,585,000	-	6,864,556
-	-	4,738,629	-	8,470,717
<u>11,962,796</u>	<u>22,490,974</u>	<u>9,323,629</u>	<u>5,702,512</u>	<u>300,616,630</u>
<u>(11,456,493)</u>	<u>(6,396,710)</u>	<u>(9,323,629)</u>	<u>(553,057)</u>	<u>(1,323,076)</u>
-	1,400,346	9,126,625	577,693	11,826,084
-	-	-	-	(11,114,664)
<u>-</u>	<u>1,400,346</u>	<u>9,126,625</u>	<u>577,693</u>	<u>711,420</u>
(11,456,493)	(4,996,364)	(197,004)	24,636	(611,656)
<u>37,192,839</u>	<u>20,453,316</u>	<u>5,150,197</u>	<u>14,802,032</u>	<u>135,638,358</u>
<u>25,736,346</u>	<u>15,456,952</u>	<u>4,953,193</u>	<u>14,826,668</u>	<u>\$ 135,026,702</u>

**Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2013**

Net change in fund balances-total governmental funds		\$ (611,656)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		
Capital outlay	25,377,879	
Donated assets	3,727,931	
Depreciation expense	(19,959,622)	
Net of deletion	<u>(47,926)</u>	9,098,262
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		(580,924)
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.		5,442,929
Accrued interest for long term liabilities including bonds payable. This is the net change in accrued interest for the current period.		1,506,090
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 the governmental funds.		(1,177,219)
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.		(1,214,134)
Extraordinary gain due to assets transferred from the Santa Ana Redevelopment Agency Private Trust Fund.		<u>704,522</u>
Change in net position with governmental activities		<u>\$ 13,167,870</u>

See accompanying Notes to the Basic Financial Statements.

Major Enterprise Funds

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

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

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

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

Statement of Net Position
Proprietary Funds
June 30, 2013

	Water	Parking
Assets:		
Current assets:		
Cash and investments (Note 4A)	\$ 24,081,543	5,871,137
Receivables:		
Taxes	-	-
Accounts	10,291,955	133,316
Allowance for uncollectible accounts	(301,862)	-
Intergovernmental	-	-
Interest	11,691	4,704
Due from other funds	-	-
Inventory of supplies	-	-
Total current assets	<u>34,083,327</u>	<u>6,009,157</u>
Noncurrent assets:		
Advances to other funds (Note 4C)	-	-
Restricted cash and investments (Note 4A)	860,363	-
Cash and investments with fiscal agent (Note 4A)	186	1
Capital assets (Note 4B):		
Land	603,545	3,591,049
Buildings	223,583	-
Improvements other than buildings	111,966,265	-
Equipment	13,665,126	347,553
Parking structures	-	14,748,556
Construction work in progress	7,947,896	-
Other assets	278,589	-
Less accumulated depreciation	(67,429,791)	(7,571,631)
Total capital assets (net of accumulated depreciation)	<u>67,255,213</u>	<u>11,115,527</u>
Total noncurrent assets	<u>68,115,762</u>	<u>11,115,528</u>
Total assets	<u>102,199,089</u>	<u>17,124,685</u>
Liabilities:		
Current liabilities:		
Accounts payable	5,568,556	46,452
Retention payable	4,043	-
Compensated absences payable (current portion) (Note 4D)	155,115	16,376
Notes payable (current portion) (Note 4D)	172,473	-
Interest payable	216,654	16,517
Deferred Revenue	-	-
Deposits payable	1,374,015	-
Claims payable (current portion) (Note 4D)	-	-
Revenue bonds payable (current portion) (Note 4D)	900,000	-
Certificates of participation payable (current portion) (Note 4D)	-	1,625,000
Total current liabilities	<u>8,390,856</u>	<u>1,704,345</u>
Noncurrent liabilities:		
Compensated absences payable	465,346	49,127
Notes payable	653,038	-
Claims payable	-	-
Postemployment benefits obligation	600,067	69,688
Revenue bonds payable, net of deferred amounts	12,381,809	-
Certificate of participation payable, net of deferred amounts	-	2,314,865
Total noncurrent liabilities	<u>14,100,260</u>	<u>2,433,680</u>
Total liabilities	<u>22,491,116</u>	<u>4,138,025</u>
Net position:		
Net investment in capital assets	53,147,893	7,175,662
Restricted for :		
National pollution discharge elimination system	-	-
Unrestricted	26,560,080	5,810,998
Total net position	<u>\$ 79,707,973</u>	<u>12,986,660</u>

See accompanying Notes to the Basic Financial Statements.

Sewer	Nonmajor	Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
		Total		
6,059,556	8,014,534	\$	44,026,770	\$ 69,988,539
-	6,058		6,058	-
878,103	3,707,453		15,010,827	53,863
(30,891)	(74,695)		(407,448)	-
-	-		-	10,000
5,040	6,038		27,473	57,281
-	-		-	888,360
-	-		-	743,837
<u>6,911,808</u>	<u>11,659,388</u>		<u>58,663,680</u>	<u>71,741,880</u>
-	-		-	2,920,000
-	-		860,363	268,778
-	-		187	2,910,167
-	3,792,491		7,987,085	-
-	8,607,909		8,831,492	-
37,330,206	4,009,534		153,306,005	859,017
102,310	19,592		14,134,581	31,435,282
-	4,817,296		19,565,852	-
2,836,213	197,850		10,981,959	-
-	-		278,589	6,244,193
(21,753,939)	(10,228,395)		(106,983,756)	(29,014,406)
<u>18,514,790</u>	<u>11,216,277</u>		<u>108,101,807</u>	<u>9,524,086</u>
<u>18,514,790</u>	<u>11,216,277</u>		<u>108,962,357</u>	<u>15,623,031</u>
<u>25,426,598</u>	<u>22,875,665</u>		<u>167,626,037</u>	<u>87,364,911</u>
590,680	617,131		6,822,819	962,292
4,790	1,919		10,752	-
60,403	134,612		366,506	417,624
-	-		172,473	-
-	-		233,171	-
-	92,519		92,519	-
-	11,000		1,385,015	-
-	-		-	7,386,057
-	-		900,000	-
-	-		1,625,000	-
<u>655,873</u>	<u>857,181</u>		<u>11,608,255</u>	<u>8,765,973</u>
181,208	403,836		1,099,517	1,252,869
-	-		653,038	-
-	-		-	19,230,453
231,838	661,094		1,562,687	2,594,499
-	-		12,381,809	-
-	-		2,314,865	-
<u>413,046</u>	<u>1,064,930</u>		<u>18,011,916</u>	<u>23,077,821</u>
<u>1,068,919</u>	<u>1,922,111</u>		<u>29,620,171</u>	<u>31,843,794</u>
18,514,790	11,216,277		90,054,622	9,524,086
-	3,315,532		3,315,532	-
5,842,889	6,421,745		44,635,712	45,997,031
<u>24,357,679</u>	<u>20,953,554</u>	\$	<u>138,005,866</u>	<u>55,521,117</u>

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2013

	Water	Parking	Sewer
Operating revenues:			
Charges for services	\$ 50,835,116	2,580,334	4,938,408
Miscellaneous	503,686	2,163,866	404
Total operating revenues	<u>51,338,802</u>	<u>4,744,200</u>	<u>4,938,812</u>
Operating expenses:			
Cost of goods sold	-	-	-
Personal services	3,883,644	692,263	1,750,457
Contractual services	11,027,568	1,269,882	800,738
Materials and supplies	11,430,534	27,229	685,879
Other services and charges	15,215,619	146,068	607,237
Administration	-	-	-
Insurance	-	-	-
Provision for self-insured losses	-	-	-
Depreciation	2,276,297	322,426	506,655
Total operating expenses	<u>43,833,662</u>	<u>2,457,868</u>	<u>4,350,966</u>
Operating income	<u>7,505,140</u>	<u>2,286,332</u>	<u>587,846</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	-
Net (decrease) in the fair value of investment	(489,982)	-	-
Investment earnings	70,827	28,058	30,753
Interest expense	(694,443)	(297,982)	-
Loss on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>(1,113,598)</u>	<u>(269,924)</u>	<u>30,753</u>
Income (loss) before transfers	<u>6,391,542</u>	<u>2,016,408</u>	<u>618,599</u>
Transfers in (Note 4C)	-	-	-
Transfers out (Note 4C)	-	-	-
Change in net position	6,391,542	2,016,408	618,599
Net position - beginning	<u>73,316,431</u>	<u>10,970,252</u>	<u>23,739,080</u>
Net position - ending	<u>\$ 79,707,973</u>	<u>12,986,660</u>	<u>24,357,679</u>

See accompanying Notes to the Basic Financial Statements.

		Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds	
Nonmajor		Total			
21,479,802	\$	79,833,660	\$	53,374,621	
6,710,724		9,378,680		3,951,324	
28,190,526		89,212,340		57,325,945	
-		-		1,397,438	
3,960,041		10,286,405		10,557,186	
11,940,151		25,038,339		6,775,761	
101,582		12,245,224		2,470,177	
10,667,168		26,636,092		3,839,323	
-		-		5,872,519	
-		-		17,301,859	
-		-		6,489,492	
454,440		3,559,818		2,199,477	
27,123,382		77,765,878		56,903,232	
1,067,144		11,446,462		422,713	
22,157		22,157		-	
-		(489,982)		(1,255,407)	
38,415		168,053		353,886	
-		(992,425)		(23,906)	
(8,010)		(8,010)		-	
52,562		(1,300,207)		(925,427)	
1,119,706		10,146,255		(502,714)	
-		-		10,000	
-		-		(721,420)	
1,119,706		10,146,255		(1,214,134)	
19,833,848		127,859,611		56,735,251	
20,953,554	\$	138,005,866	\$	55,521,117	

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013

	<u>Water</u>	<u>Parking</u>
Cash flows from operating activities:		
Receipts from customers	\$ 50,628,917	2,516,272
Receipts from interfund services provided	-	-
Receipts from other operating sources	503,686	2,163,866
Payments to suppliers for goods and services	(38,719,299)	(1,451,688)
Payments from interfund services used	-	-
Payments to employees	<u>(3,671,701)</u>	<u>(658,363)</u>
Net cash provided by operating activities	<u>8,741,603</u>	<u>2,570,087</u>
Cash flows from noncapital financing activities:		
Intergovernment contribution	-	-
Transfer in	-	-
Transfer out	<u>-</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(550,771)	-
Retirement of long-term liabilities	(1,012,991)	(1,405,000)
Interest paid	<u>(705,311)</u>	<u>(257,913)</u>
Net cash provided by (used for) capital and related financing activities	<u>(2,269,073)</u>	<u>(1,662,913)</u>
Cash flows from investing activities:		
Interest received	68,040	27,692
Net (decrease) in the fair value of investment	<u>(489,982)</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>(421,942)</u>	<u>27,692</u>
Net increase (decrease) in cash and cash equivalents	6,050,588	934,866
Cash and cash equivalents - beginning	<u>18,891,504</u>	<u>4,936,272</u>
Cash and cash equivalents - ending (Includes restricted assets)	<u>\$ 24,942,092</u>	<u>5,871,138</u>

See accompanying Notes to the Basic Financial Statements.

		Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Sewer	Nonmajor	Totals		
4,893,987	21,384,641	\$ 79,423,817	\$	-
-	-	-		53,362,839
404	6,710,724	9,378,680		3,909,714
(1,767,777)	(22,403,272)	(64,342,036)		(40,277,719)
-	-	-		(2,024,296)
(1,643,738)	(3,857,144)	(9,830,946)		(12,071,477)
<u>1,482,876</u>	<u>1,834,949</u>	<u>14,629,515</u>		<u>2,899,061</u>
-	114,676	114,676		-
-	-	-		10,000
-	-	-		(501,420)
<u>-</u>	<u>114,676</u>	<u>114,676</u>		<u>(491,420)</u>
(798,018)	(120,900)	(1,469,689)		(1,146,837)
-	-	(2,417,991)		(1,074,235)
-	-	(963,224)		(23,906)
<u>(798,018)</u>	<u>(120,900)</u>	<u>(4,850,904)</u>		<u>(2,244,978)</u>
30,485	37,981	164,198		367,833
-	-	(489,982)		(1,255,407)
<u>30,485</u>	<u>37,981</u>	<u>(325,784)</u>		<u>(887,574)</u>
715,343	1,866,706	9,567,503		(724,911)
<u>5,344,213</u>	<u>6,147,828</u>	<u>35,319,817</u>		<u>73,892,395</u>
<u>6,059,556</u>	<u>8,014,534</u>	<u>\$ 44,887,320</u>	<u>\$</u>	<u>73,167,484</u>

Continued

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013

	<u>Water</u>	<u>Parking</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 7,505,140	2,286,332
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	2,276,297	322,426
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(221,981)	(64,062)
Decrease (increase) in inventory of supply	-	-
Increase (decrease) in accounts payable	(1,049,621)	3,075
Increase (decrease) in compensated absences payable	94,563	18,876
Increase (decrease) in deposits payable	15,782	-
Increase (decrease) in retention payable	4,043	(11,584)
Increase (decrease) in claims payable	-	-
Increase (decrease) in postemployment benefits obligation	117,380	15,024
Net cash provided by operating activities	<u>\$ 8,741,603</u>	<u>2,570,087</u>
Noncash investing, capital, and financing activities:		
(Decrease) in fair value of investments	<u>\$ (489,982)</u>	<u>-</u>

See accompanying Notes to the Basic Financial Statements.

Sewer	Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
	Nonmajor	Total	
587,846	1,067,144 \$	11,446,462 \$	422,713
506,655	454,440	3,559,818	2,199,477
(44,421)	(95,161)	(425,625)	518,112
-	-	-	88,929
326,077	305,629	(414,840)	60,835
54,726	(21,178)	146,987	(131,292)
-	-	15,782	-
-	-	(7,541)	-
-	-	-	(680,979)
51,993	124,075	308,472	421,266
<u>1,482,876</u>	<u>1,834,949 \$</u>	<u>14,629,515 \$</u>	<u>2,899,061</u>
<u>-</u>	<u>- \$</u>	<u>(489,982) \$</u>	<u>(1,255,407)</u>

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency</u>	<u>Santa Ana Redevelopment Agency Private-Purpose Trust Fund</u>
Assets		
Current assets:		
Cash and investments (Note 4A)	\$ 27,873,973	\$ 64,811,889
Cash and investments with fiscal agents	-	6,679,284
Receivables:		
Accounts		35,559
Loans and notes	234,333	-
Interest	12,881	16,972
Land held for redevelopment	-	429,700
Nondepreciable capital assets	-	593,919
Deferred issuance costs, net	-	590,227
	<u> </u>	<u> </u>
Total assets	\$ 28,121,187	73,157,550
Liabilities		
Accounts payable	\$ 18,442	\$ 154,378
Interest payable	-	2,574,961
Notes payable	234,333	-
Due to City employees	4,997,657	-
Due to governmental agencies	22,870,755	-
Advance from other funds		4,751,291
Long-term liabilities:		
Due within one year	-	3,844,490
Due in more than one year	-	102,663,185
	<u> </u>	<u> </u>
Total liabilities	\$ 28,121,187	\$ 113,988,305
Net position (deficit)		
Held in trust for other purposes	\$ -	\$ (40,830,755)

See accompanying Notes to the Basic Financial Statements.

Statement of Changes in Fiduciary Net Position
Santa Ana Redevelopment Agency Private-Purpose Trust Fund
Year ended June 30, 2013

Additions:

Property taxes	\$ 19,934,531
Investment earnings	180,155
Other	<u>215,698</u>
Total additions	<u>20,330,384</u>

Deductions:

Program expenses	2,196,451
Administrative expenses	266,148
Payment to Orange County Auditor Controller	10,644,760
Interest and fiscal agency expenses	<u>6,559,260</u>
Total deductions	<u>19,666,619</u>
Extraordinary loss	<u>(704,522)</u>
Change in net position	(40,757)
Net position (deficit) - beginning	<u>(40,789,998)</u>
Net position (deficit) - ending	<u><u>\$ (40,830,755)</u></u>

See accompanying Notes to the Basic Financial Statements.



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Notes to the Basic Financial Statements



Notes to the Basic Financial Statements, JUNE 30, 2013

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

The Successor Agency

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

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

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 Agency's financial data and transactions are included within the Capital Projects Housing Successor Agency fund. There is no separate Component Unit Financial Report (CUFR) prepared for the Authority.

Santa Ana Financing Authority

The Santa Ana Financing Authority (SAFA) was organized in August 1993, for the primary purpose of assisting in the financing and refinancing of certain redevelopment activities of the RDA and certain public programs and projects of the City. The City is legally obligated to provide resources in case there are deficiencies in debt service payment and resources are not available from any other remedies. The Financing Authority is administered by a board whose members shall be, at all times, the Mayor of the City and the members of the City Council. The SAFA's board has full accountability for the Financing Authority's fiscal affairs. The SAFA's financial data and transactions are included within the debt service funds and the Water Enterprise Fund. There is no separate Component Unit Financial Report (CUFR) prepared for SAFA.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its blended component units. 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 users 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 Housing Successor Agency. This fund accounts for the receipts and expenditures relating to the Housing Successor Agency in accordance with the California Health and Safety Code.

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and other enterprise functions, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

D. Assets, Liabilities, and Net Position/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. Changes in fair value that occur during the fiscal year are recognized as revenue from investment income (governmental funds) and net change in the fair value of investment (proprietary funds). These revenues include interest earnings, changes in fair value, rentals, leases and any gains or losses realized upon liquidation, maturity, or sale of investments.

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

Cash and investments are pooled to maximize investment yields. 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, respectively. The County of Orange, California bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied on the government-wide statements, and to the extent that they result in current receivables within 60 days in the governmental funds financial statements.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

Inventories. 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 \$14,586,217. 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	20-30
Public domain infrastructure	20-50
Storm Drain Pipe, Catch Basins , Sewer System	75
Water System	50
Vehicles	3-15
Office and Computer Equipment	3-5
Library Materials	6
Intangible	5-20

Arbitrage Liability. Any liability for arbitrated interest is recorded in the fund incurring the liability and interest income is reduced by the amount of liability incurred during the year.

Compensated Absences. It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A liability for unpaid accumulated sick leave is accrued for employees who have attained ten (10) years or more of continuous service equivalent to one-third (1/3) of the total accumulated sick leave benefit credited to the employee, to a maximum of 427 hours for each employee. All vacation, compensated time, and vested sick leave pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example as a result of employee resignations and retirements.

Long-term Obligations. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund type statement of net position or private-purpose trust fund. Bond premiums and discounts, 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 City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2013, 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 adopts a motion to this effect by the affirmative votes of at least two-thirds (2/3) of the members of the city council to commit fund balance by an ordinance prior to the end of the fiscal year. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The governing council (council) has by resolution authorized the Finance Director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned Fund Balance* – is the residual classification for the General Fund including all amounts not contained in the other classifications and the residual negative fund balance of governmental funds other than the General Fund. Unassigned amounts are technically available for any purpose.

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

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

A. Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Position

The "total fund balances" of the City's governmental funds \$135,026,702 differs from "net position" of governmental activities \$1,061,241,219 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position 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	\$	1,317,994,764
Accumulated depreciation		<u>(383,388,062)</u>
Total capital assets, net	\$	<u><u>934,606,702</u></u>

Long-Term Debt Transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Long-term liabilities of the internal service funds of \$30,881,502 are included in the internal service funds adjustment.

Capitalized lease obligations payable	\$	(166,487)
Certificates of participation		(72,910,000)
Lease revenue bonds payable		(71,785,000)
Long-term loans payable		(352,396)
Compensated absences payable		(20,107,176)
Postemployment benefit obligation		(10,325,119)
Bond premium		(238,350)
Bond discount		877,453
Less: Deferred amount on refunding		<u>244,353</u>
Total governmental activities long-term debt	\$	<u><u>(174,762,722)</u></u>

Deferred issuance costs

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

Deferred issuance costs	\$	<u><u>1,593,578</u></u>
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Accrued Interest

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

Accrued interest added	\$	<u><u>(11,443)</u></u>
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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 position, because they primarily serve governmental activities of the City.

Internal service - net position \$ 55,521,117

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 \$ 109,267,285

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

The “net change in fund balances” for governmental funds \$(611,656) differs from the “change in net position” for governmental activities \$13,167,870 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 position decreased by the amount of depreciation expense charged for the year. The effect of changes in internal service funds capital assets of (\$1,052,640) are not reflected in the adjustment below:

Capital outlay	\$ 25,377,879
Donated assets	3,727,931
Depreciation expense	(19,959,622)
Net deletions	<u>(47,926)</u>
Difference	\$ <u>9,098,262</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 \$421,266 in internal service fund liabilities)	\$ <u>(1,177,219)</u>
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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 position and do not result in an expense in the statement of activities. The effect of changes in internal service funds long-term debt of \$1,074,235 is reflected in the adjustment below:

Principal payments made:

Police administrative and holding facility lease revenue bonds	\$ 4,585,000
Certificates of participation	1,600,000
Long-term loans payable	1,495,610
Capitalized lease obligations	<u>1,398,788</u>
Total principal repayments	<u>9,079,398</u>
Internal service fund activity	(1,074,235)
Deferred issuance costs	(59,021)
Proceeds from long-term loan	(139,112)
Amortization of bonds issued premium	238,354
Amortization of bonds issued discount	(32,498)
Amortization of deferred charges	(244,351)
Net change in compensated absences	<u>(2,325,606)</u>
Net change	\$ <u>5,442,929</u>

Accrued Interest

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

Accrued interest	\$ <u>1,506,090</u>
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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 \$ (1,214,134)

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 \$ (580,924)

Extraordinary Gain

Extraordinary gain is due to assets transferred from the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The Oversight Board of the Successor Agency approved a resolution directing the transfer of title to these assets in City service (Governmental Use) to the City in June, 2012. The Quitclaim Deeds were processed and recorded by the County of Orange in July, 2012.

Extraordinary gain \$ 704,522

Note 3. FUND DEFICITS

At June 30, 2013, the deficit of \$935,769 in the nonmajor Capital Grants Capital Projects Fund is due primarily to the deferral of revenues due from granting agencies which did not meet the revenue recognition criteria in accordance with GASB Statement 33. Subsequent collection of the receivables from the granting agencies will reduce the deficits. The deficit of \$1,190,488 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 2014 -15, the Traffic Engineering cost will receive funding assistance from the General Fund.

Note 4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 214,328,978
Restricted assets:	
Cash and investments	9,234,924
Cash and investments with fiscal agents	12,591,676
Statement of fiduciary net position:	
Cash and investments	92,685,862
Cash and investments with fiscal agents	<u>6,679,284</u>
Total cash and investments	<u><u>\$ 335,520,724</u></u>

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 858,000
Deposits with financial institutions	229,520
Investments	<u>334,433,204</u>
Totals	<u><u>\$ 335,520,724</u></u>

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

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

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

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

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value change in market interest rates. In accordance with the City's investment policy that was established by a resolution on June 18, 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 in the following table reflecting the distribution of the City's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be maturing at the next call date:

Investment Type	Total	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25-60 Months	More than 60 Months
Federal Agency Securities	\$ 215,746,960	\$ 39,673,931	\$ 4,992,100	\$ 171,080,929	\$ -
Commercial Paper Discount	50,000,000	50,000,000	-	-	-
Mortgage-backed Securities	259,250	-	-	-	259,250
Local Agency Investment Fund	49,839,167	49,839,167	-	-	-
Held by Fiscal Agent:					
Money Market Funds	11,908,547	11,908,547	-	-	-
Federal Agency Securities	6,679,280	6,679,280	-	-	-
	<u>\$ 334,433,204</u>	<u>\$ 158,100,925</u>	<u>\$ 4,992,100</u>	<u>\$ 171,080,929</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	\$ 24,096,259

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	A-1	Not Rated
Federal Agency Securities	\$ 215,746,960	N/A	\$ 215,746,960	\$ -	\$ -	\$ -
Commercial Paper Discount	50,000,000	N/A	-	-	50,000,000	-
Mortgage-backed Securities	259,250	N/A	-	-	-	259,250
Local Agency Investment Fund	49,839,167	N/A	-	-	-	49,839,167
Held by Fiscal Agent:						
Money Market Funds	11,908,547	A	-	8,998,381	-	2,910,166
Federal Agency Securities	6,679,280	N/A	6,679,280	-	-	-
	<u>\$ 334,433,204</u>		<u>\$ 222,426,240</u>	<u>\$ 8,998,381</u>	<u>\$ 50,000,000</u>	<u>\$ 53,008,583</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	\$ 47,175,734
Federal Home Loan Mortgage Corp.	Federal agency securities	18,875,280
Federal National Mortgage Association	Federal agency securities	99,315,310
Federal Farm Credit Bank	Federal agency securities	45,437,667

Investments in any one issuer that represent 5% or more of total investments by reporting unit (governmental activities, major fund, nonmajor fund in the aggregate, etc.) are \$4,613,906, \$6,679,280 that were held by the bonds trustee and \$25 million of cash and investments pool. 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 fund and \$6,679,280 reported in the Successor Agency to the Santa Ana Redevelopment Private-Purpose Trust fund is held in the form of Federal Agency Security (the issuer). The \$25 million is in the City’s internal investment pool and held in Federal Home Loan Bank in two investments of \$15 million and \$10 million each.

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, 2013, 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, 2013 was approximately \$21 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2013 had a balance of approximately \$58.8 billion, of that amount 1.96% (approximately \$1.15 billion) was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 278 days as of June 30, 2013.

B. Capital Assets. Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,398,937	\$ 704,522	\$ -	\$ 13,103,459
Right of way	427,118,325	780,000	-	427,898,325
Street trees	7,031,327	-	-	7,031,327
Construction in progress	150,417,791	26,973,698	(3,118,220)	174,273,269
Total capital assets not being depreciated	<u>596,966,380</u>	<u>28,458,220</u>	<u>(3,118,220)</u>	<u>622,306,380</u>
Capital assets being depreciated:				
Buildings	198,606,231	-	-	198,606,231
Improvements	74,483,376	-	-	74,483,376
Equipment	54,125,762	2,224,519	(2,327,889)	54,022,392
Infrastructure	391,354,782	3,118,221	(796,550)	393,676,453
Library materials	7,180,285	274,429	(260,483)	7,194,231
Computer software	6,244,193	-	-	6,244,193
Total capital assets being depreciated	<u>731,994,629</u>	<u>5,617,169</u>	<u>(3,384,922)</u>	<u>734,226,876</u>
Less: accumulated depreciation for:				
Buildings	(112,255,664)	(5,934,984)	-	(118,190,648)
Improvements	(40,012,055)	(2,533,627)	-	(42,545,682)
Equipment	(44,816,417)	(2,268,051)	2,327,889	(44,756,579)
Infrastructure	(190,375,310)	(10,426,328)	748,799	(200,052,839)
Library materials	(6,016,850)	(371,690)	260,309	(6,128,231)
Computer software	(104,070)	(624,419)	-	(728,489)
Total accumulated depreciation	<u>(393,580,366)</u>	<u>(22,159,099)</u>	<u>3,336,997</u>	<u>(412,402,468)</u>
Capital assets being depreciated, net	<u>338,414,263</u>	<u>(16,541,930)</u>	<u>(47,925)</u>	<u>321,824,408</u>
Governmental activities capital assets, net	<u>\$ 935,380,643</u>	<u>\$ 11,916,290</u>	<u>\$ (3,166,145)</u>	<u>\$ 944,130,788</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	11,616,037	1,381,193	(2,015,271)	10,981,959
Total capital assets not being depreciated	19,603,122	1,381,193	(2,015,271)	18,969,044
Capital assets being depreciated:				
Buildings	8,831,492	-	-	8,831,492
Water system and other improvements	151,361,389	2,015,271	(70,655)	153,306,005
Equipment	14,091,478	88,497	(45,394)	14,134,581
Parking structures	19,565,852	-	-	19,565,852
Computer software	278,589	-	-	278,589
Total capital assets being depreciated	194,128,800	2,103,768	(116,049)	196,116,519
Less: accumulated depreciation for:				
Buildings	(6,053,548)	(218,482)	-	(6,272,030)
Improvements other than buildings	(79,442,631)	(2,692,560)	70,655	(82,064,536)
Equipment	(9,633,646)	(219,443)	37,385	(9,815,704)
Parking structures	(8,374,295)	(415,403)	-	(8,789,698)
Computer software	(27,858)	(13,930)	-	(41,788)
Total accumulated depreciation	(103,531,978)	(3,559,818)	108,040	(106,983,756)
Capital assets being depreciated, net	90,596,822	(1,456,050)	(8,009)	89,132,763
Business-type capital assets, net	\$ 110,199,944	\$ (74,857)	\$ (2,023,280)	\$ 108,101,807

Governmental activities:

General government	\$ 1,386,351
Museum	435,649
Library	451,279
Recreation and community services	2,216,396
Police	3,932,943
Fire	482,606
Public works	10,765,095
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	2,199,477
Total depreciation expense - governmental activities	\$ 22,159,099

Business-type activities:			
Water		\$	2,276,297
Parking			322,426
Transportation Center			422,193
Sewer			506,655
Sanitation			4,896
Federal Clean Water			27,351
Total depreciation expense - business-type activities		\$	<u>3,559,818</u>

Successor Agency capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases/</u> <u>Transfers</u>	<u>Ending</u> <u>Balance</u>
Private Trust activities:				
Capital assets, not being depreciated:				
Land	\$ 704,522	\$ -	\$ (704,522)	\$ -
Construction in progress	<u>347,240</u>	<u>246,679</u>	<u>-</u>	<u>593,919</u>
Total capital assets not being depreciated	<u>1,051,762</u>	<u>246,679</u>	<u>(704,522)</u>	<u>593,919</u>
Capital assets being depreciated:				
Equipment	<u>65,058</u>	<u>-</u>	<u>-</u>	<u>65,058</u>
Total capital assets being depreciated	<u>65,058</u>	<u>-</u>	<u>-</u>	<u>65,058</u>
Less: accumulated depreciation for:				
Equipment	<u>(65,058)</u>	<u>-</u>	<u>-</u>	<u>(65,058)</u>
Total accumulated depreciation	<u>(65,058)</u>	<u>-</u>	<u>-</u>	<u>(65,058)</u>
Capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Private-purpose trust capital assets	<u>\$ 1,051,762</u>	<u>\$ 246,679</u>	<u>\$ (704,522)</u>	<u>\$ 593,919</u>

Construction Commitments

The City has active construction projects as of June 30, 2013. The projects include street widening and improvements, various park improvements, improvements to the water system, sewer improvements and storm drain improvements.

Projects:	Spent-to date	Remaining Commitment	Total Project Budget
Street widening and improvements	\$ 175,280,290	\$ 110,177,865	\$ 285,458,155
Park improvements	3,713,614	13,664,948	17,378,562
Water system improvements	8,941,268	7,699,593	16,640,861
Sewer improvements	5,374,442	5,560,099	10,934,541
Other improvements	5,632,980	7,434,047	13,067,027

C. Interfund Receivables, Payables, Transfers, and Advances. The composition of interfund balances as of and for the year ended June 30, 2013 is as follows:

Due To/From Other Funds:

Due To Other Funds (Payable)	<u>Due From Other Funds (Receivable)</u>	
	Internal Service Funds	Total
Nonmajor Governmental Funds	\$ 888,360	\$ 888,360
Total	\$ 888,360	\$ 888,360

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 \$887,042 and \$1,318 respectively. Subsequent collection of the receivables from the granting agencies will repay the advances.

Interfund Transfers:

	Transfers In					Total
	General Fund	Street Construction Capital Projects Fund	SAFA Debt Service Fund	Non-Major Special Revenue Fund	Internal Service Funds	
Transfers Out						
General Fund	\$ -	-	9,126,625	577,693	-	\$ 9,704,318
Special Revenue Gas Tax Fund	-	1,400,346	-	-	10,000	1,410,346
Internal Service Funds	721,420	-	-	-	-	721,420
Total	\$ 721,420	1,400,346	9,126,625	577,693	10,000	\$ 11,836,084

The General Fund received transfers of \$721,420 from Internal Service Funds consisting of: 1) \$305,302 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; 3) \$220,000 transfers from the Equipment Maintenance and Replacement Fund to General Fund to cover the advance receivable for the construction of the Children’s Zoo.

The SAFA Debt Service Fund received a transfer of \$9,126,625 from the General Fund for payment of the police lease revenue bonds debt service.

The amount of \$1,400,346 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 \$577,693 representing the General Fund’s support for Civic Center and Centennial Park maintenance.

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	\$ 2,920,000
Capital Projects Housing Successor Agency	Santa Ana Redevelopment Agency Private-Purpose Trust Fund	4,751,291
		<u>\$ 7,671,291</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

D. Long-Term Liabilities. The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 1,565,275	\$ -	\$ 1,398,788	\$ 166,487	\$ 166,487
Certificates of participation	74,510,000	-	1,600,000	72,910,000	1,675,000
Lease revenue bonds	76,370,000	-	4,585,000	71,785,000	4,685,000
Long-term loans & other payables	1,708,894	139,112	1,495,610	352,396	251,637
Less: Deferred amount of refunding	(488,704)	-	(244,351)	(244,353)	-
Bond discount	(909,951)	-	(32,498)	(877,453)	-
Add: Bond premium	476,702	-	238,352	238,350	-
Total bonds payable, long-term loans and capital leases	153,232,216	139,112	9,040,901	144,330,427	6,778,124
Compensated absences payable	19,583,356	9,984,226	7,789,914	21,777,668	5,444,416
Claims payable - worker's comp	20,362,582	4,219,145	4,523,277	20,058,450	4,200,000
Claims payable - liability insurance	6,934,907	963,081	1,339,928	6,558,060	3,186,057
Governmental activities Long-term liabilities	\$ 200,113,061	\$ 15,305,564	\$ 22,694,020	\$ 192,724,605	\$ 19,608,597
Business-type activities:					
Revenue bonds payable	\$ 14,565,000	\$ -	\$ 880,000	\$ 13,685,000	\$ 900,000
Refunding COP	5,480,000	-	1,405,000	4,075,000	1,625,000
Notes payable	992,102	-	166,591	825,511	172,473
Less: Deferred amounts	(1,225,826)	-	(169,097)	(1,056,729)	-
Add: Bond premium	608,855	-	90,452	518,403	-
Total bonds payable and long-term notes payable	20,420,131	-	2,372,946	18,047,185	2,697,473
Compensated absences payable	1,319,036	538,601	391,614	1,466,023	366,506
Business-type activities Long-term liabilities	\$ 21,739,167	\$ 538,601	\$ 2,764,560	\$ 19,513,208	\$ 3,063,979

Internal service funds predominantly serve the governmental funds. Accordingly, \$26.62 million of claims payable is included as part of the above totals for governmental activities.

At year-end, \$1.67 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.

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, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Private-purpose trust activities:					
Tax allocation bonds	\$ 83,730,000	\$ -	\$ 560,000	\$ 83,170,000	\$ 580,000
Tax allocation refunding bonds	19,070,000	-	1,990,000	17,080,000	2,085,000
Long-term loans	6,220,687	-	-	6,220,687	1,170,678
Less: Deferred amount of refunding	(1,377,315)	-	(196,760)	(1,180,555)	-
Bond discount	(320,882)	-	(37,384)	(283,498)	-
Add: Bond premium	1,335,947	-	190,849	1,145,098	-
Total bonds payable, long-term	<u>108,658,437</u>	<u>-</u>	<u>2,506,705</u>	<u>106,151,732</u>	<u>3,835,678</u>
Compensated absences payable	165,616	8,417	138,784	35,249	8,812
OPEB	<u>316,652</u>	<u>4,042</u>	<u>-</u>	<u>320,694</u>	<u>-</u>
Private-purpose trust					
Long-term liabilities	<u>\$ 109,140,705</u>	<u>12,459</u>	<u>\$ 2,645,489</u>	<u>\$ 106,507,675</u>	<u>\$ 3,844,490</u>

A description of each long-term debt obligation follows:

CAPITALIZED LEASE OBLIGATIONS

Outstanding
Balance
June 30, 2013

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, 2013 totaled \$166,487.

Total Capitalized Lease Obligations

\$ 166,487

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Period Ending June 30	Principal	Interest
2014	\$ 166,487	\$ 2,872

Outstanding
Balance
June 30, 2013

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.

\$8,415,000

Gas Tax Revenue Certificates of Participation (2007 Local Street Improvement Project). On December 1, 2007, Certificates of Participation amounting to \$68,010,000 were issued by the Santa Ana Financing Authority to finance the Street Improvement Project. Certificates totaling \$32,365,000 mature serially on January 1, beginning 2011 through 2029 in amounts ranging from \$400,000 to \$2,340,000 and pay interest at rates varying from 4% to 5%. \$10,970,000 term certificates are due on January 1, 2033; \$13,145,000 term certificates are due on January 1, 2037; \$7,515,000 term certificates are due on January 1, 2039; and the balance of \$4,015,000 term certificates are due on January 1, 2040.

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

These revenues have been pledged until fiscal year 2040. Total debt service amount for the certificates of participation is \$112,215,121. Pledged gas tax revenues recognized during the fiscal year ended June 30, 2013 was \$8.0 million as against the total debt service payment of \$4.2 million. At June 30, 2013, the reserve balance is \$4,212,788.

\$64,495,000

Total Certificates of Participation

\$72,910,000

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
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	480,000	303,620	1,525,000	2,649,556	2,005,000	2,953,176
2019-2023	2,755,000	1,150,208	8,710,000	12,161,099	11,465,000	13,311,307
2024-2028	3,465,000	422,412	10,740,000	10,072,650	14,205,000	10,495,062
2029-2033	-	-	13,415,000	7,323,513	13,415,000	7,323,513
2034-2038	-	-	16,820,000	3,843,484	16,820,000	3,843,484
2039-2040	-	-	7,855,000	381,844	7,855,000	381,844
Total	\$ 8,415,000	\$ 3,301,632	\$ 64,495,000	\$ 47,720,121	\$ 72,910,000	\$ 51,021,753

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.

On February 4, 2004, the SAFA issued the Lease Revenue Refunding Bonds, Series 2004A to partially refund \$17,620,000 of the Lease Revenue Bonds, Series 1994A representing the Current Interest Serial Bonds maturing in July 1, 2004 through July 1, 2009, and fully refund \$21,200,000 of AIRS Term Bonds maturing July 1, 2010 through July 1, 2014. The face value of the Lease Revenue Refunding Bonds, Series 2004A was \$38,845,000. The refunding was issued with interest rates ranging from 2.5% to 5%.

Outstanding
Balance
June 30, 2013

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, 2013 is approximately \$4.6 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 \$71,785,000

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

Period Ending		Principal		Interest
June 30		_____		_____
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
2018		6,035,000		3,190,313
2019-2023		36,325,000		9,799,689
2024		8,685,000		542,813
Total	\$	<u>71,785,000</u>	\$	<u>29,532,403</u>

Outstanding
Balance
June 30, 2013

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 2012-13 is \$20,045 and the unpaid balance as of June 30, 2013 is \$233,506.

\$233,506

Period Ending	Principal
<u>June 30</u>	
2014	<u>\$ 233,506</u>
Total	<u><u>\$ 233,506</u></u>

Southern California Edison On-Bill Financing Program. On August 2011, the Council approved the installation of energy-efficient LED street lights on Main Street and Edinger Avenue. The project was funded through Southern California Edison’s On-Bill Financing Program. Through this program, the City received zero percent financing for approved energy reduction projects for \$139,122. The costs are repaid from energy savings over a period of ten years. For fiscal year 2012-13, the total energy savings is \$20,222 and the unpaid balance as of June 30, 2013 is \$118,890.

\$118,890

Period Ending	Principal
<u>June 30</u>	
2014	\$ 18,131
2015	18,131
2016	18,131
2017	18,131
2018	18,131
2019-20	<u>28,235</u>
Total	<u><u>\$ 118,890</u></u>

Total Long-Term Loans and Other Payable

\$352,396

Outstanding
Balance
June 30, 2013

Compensated Absences. Accrued vacation (\$13,765,022) represents total vested vacation benefits for all City employees in the governmental funds. Sick leave benefits (\$8,012,646) 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, 2013. Also included herein is \$1,670,493 representing accrued vacation and sick leave benefits for employees, in the Internal Service Funds.

\$21,777,668

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 \$18.01 million. Pledged revenue recognized during the fiscal year ended June 30, 2013 was \$9.8 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.

\$13,685,000

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

Period Ending	Principal	Interest
<u>June 30</u>		
2014	\$ 900,000	\$ 609,494
2015	930,000	578,031
2016	965,000	544,266
2017	1,000,000	507,775
2018	1,040,000	462,775
2019-2023	6,010,000	1,480,662
2024-2025	<u>2,840,000</u>	<u>143,750</u>
Total	<u>\$ 13,685,000</u>	<u>\$ 4,326,753</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	\$ 51,338,802
Operating expenses (net of depreciation expense of \$ 2,276,297)	<u>41,557,365</u>
Net revenue	9,781,437
Amount required for payment of principal and interest payable for the year ended June 30, 2014 (\$1,509,494 x 1.20)	<u>1,811,393</u>
Excess of net revenue over amount required	<u>\$ 7,970,044</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, 2013 is \$4,075,000.

COP debt service requirements to maturity are as follows:

Year Ending			
June 30	Principal		Interest
2014	\$ 1,625,000	\$	198,200
2015	1,895,000		116,950
2016	<u>555,000</u>		<u>22,200</u>
 Total	 <u>\$ 4,075,000</u>	 \$	 <u>337,350</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, 2013 is \$825,511. The note is a liability of the City’s Water Enterprise Fund.

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

June 30	Principal	Interest
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	\$ 825,511	\$ 73,902

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, 2013

2003A Tax allocation bonds debt service requirements to maturity are as follows: \$16,380,000

Period Ending June 30	Principal	Interest
2014	\$ 580,000	\$ 691,660
2015	605,000	670,620
2016	625,000	648,168
2017	650,000	624,255
2018	675,000	598,405
2019-2023	3,815,000	2,544,433
2024-2028	4,765,000	1,604,812
2029-2032	4,665,000	431,437
Total	\$ <u>16,380,000</u>	\$ <u>7,813,790</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. \$17,080,000

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

Period Ending June 30	Principal	Interest
2014	\$ 2,085,000	\$ 801,875
2015	2,200,000	694,750
2016	2,310,000	582,000
2017	2,430,000	463,500
2018	2,550,000	339,000
2019-2020	5,505,000	278,625
Total	\$ <u>17,080,000</u>	\$ <u>3,159,750</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, taxes which constitute supplemental subventions payable by the State to the Agency, taxes which constitute amounts to be paid by the Agency pursuant to certain pass-through agreements described in the official statement, except and to the extent such amounts so payable are payable on a basis subordinate to the payment of the 2011 bonds and any parity debt, taxes which constitute amounts payable by the Agency under former Section 33676 of the Redevelopment Law for payments to affected taxing entities, taxes to the extent required for the payment of debt service on the 2003 Bonds, and taxes pledged and annually allocated to the South Main Street Redevelopment Plan. The economic gain on refunding was \$1.98 million.

Outstanding
Balance
June 30, 2013

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 <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ -	\$ 4,209,850
2015	-	4,209,850
2016	-	4,209,850
2017	-	4,209,850
2018	805,000	4,189,725
2019-2023	22,270,000	18,539,381
2024-2028	40,010,000	7,620,313
2029	<u>3,705,000</u>	<u>125,044</u>
Total	<u>\$ 66,790,000</u>	<u>\$ 47,313,863</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 Successor Agency as set forth in the bond indenture.

ABx1 26 (the "Dissolution Act") was enacted in late June 2011 as part of the fiscal year 2011-12 state budget package and was held by the California Supreme Court to be largely constitutional on December 29, 2011. Under the Dissolution Act, each of California's redevelopment agencies was dissolved as of February 1, 2012. On January 9, 2012, the City adopted a resolution declaring its intent to serve as the Successor Agency and designating the Housing Authority of the City 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 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

Outstanding
Balance
June 30, 2013

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 \$100,250,000

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 year 1984. As of June 30, 2013, the unpaid accrued interest for the Santa Ana Venture Loan is \$653,075. The outstanding principal balance at June 30, 2013, 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.

\$ 6,220,687

- 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, 2013, 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:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>
February 14, 1996	Variable	\$ 7,900,000
July 1, 2001	4.00-6.50%	3,640,000
November 1, 2001	6.05%	3,306,000
December 23, 2004	Variable	5,225,000
June 25, 2002	6.00%	1,035,778
November 1, 2003	5.24%	5,100,000
May 1, 2006	5.88%	7,343,904
November 16, 2006	Variable	8,140,000
May 1, 2007	5.21%	8,858,276
May 1, 2007	Variable	6,399,746
July 1, 2009	Variable	4,055,000
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, 2013, seven issues totaling \$25,524,000 are outstanding (unaudited):

<u>Issuing Authority</u>	<u>Number of Issues</u>	<u>Amount</u>
City Charter Authority	2	\$ 6,418,000
Industrial Development Authority	<u>5</u>	<u>19,106,000</u>
	<u>7</u>	<u>\$25,524,000</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, 2013.

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 prior to the Dissolution Act. At June 30, 2013 loans totaling \$45,863,455 and \$63,126,707 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, 2013 totaled \$6,525,363.

Period Ending June 30	Principal Component	Interest Component	Total Lease Payment
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	449,622	230,200	679,822
2019-2024	2,596,308	802,800	3,399,108
2025-2026	1,879,119	160,346	2,039,465
	\$ 6,525,363	\$ 2,312,318	\$ 8,837,681

Note 5. 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 separate 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 \$1,000,000 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 \$52 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 \$52 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 California Public Employees Retirement System (CalPERS) Health Insurance Program to cover claims of employees participating in the HMO plans contracted by CalPERS. Settled claims have not exceeded commercial coverage during the last three years.

All funds of the City participate in the program and make payments to the 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 CalPERS and the dental insurance carriers.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The losses include an estimate of claims that have been incurred but not reported. The effects of specific incremental claim adjustment expenditures/expenses, salvage, and subrogation, and other allocated and unallocated claim adjustment expenditures/expenses are included. At June 30, 2013, 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, 2013. Changes in the balances of claims liabilities since July 1, 2011 resulted from the following:

	<u>Workers'</u>	<u>Liability</u>	<u>Total</u>
	<u>Compensation</u>		
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>

	Workers'		
	<u>Compensation</u>	<u>Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2012	\$ 20,362,582	\$ 6,934,907	\$ 27,297,489
Claims and Changes in Estimate	6,547,095	1,192,852	7,739,947
Claims Payments	<u>(4,523,277)</u>	<u>(1,339,928)</u>	<u>(5,863,205)</u>
Unpaid Claims - June 30, 2013	22,386,400	6,787,831	29,174,231
Less Discount Taken	<u>(2,327,950)</u>	<u>(229,771)</u>	<u>(2,557,721)</u>
Net Unpaid Claims - June 30, 2013	<u>\$ 20,058,450</u>	<u>\$ 6,558,060</u>	<u>\$ 26,616,510</u>

B. Related Party Transactions. As explained in Note 1A, this report includes the accounts of the Successor Agency to the Community Redevelopment Agency, the Housing Authority, and the Financing Authority, each of which is considered component units of the primary government. Each of these component units 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, 2013 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 5A).

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 2012-13 rate was 28.480% for the safety employees and 20.099% 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, 2012, 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>					
\$ 670,676	\$ 547,676	\$ 123,000	81.70%	\$ 55,797	220.40%
<u>Safety Plan</u>					
\$ 886,484	\$ 766,597	\$ 119,887	86.50%	\$ 36,443	329.00%

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 2012-13, the City’s annual pension cost of \$21,081,285 for CalPERS was equal to the City’s required and actual contributions. For fiscal year 2012-13, total member’s contribution to CalPERS, including contributions on behalf of employees, was \$28,744,375. The required contribution was determined as part of the June 30, 2010 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 3.75% 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):

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/11	\$ 22,059	100%	-
06/30/12	23,318	100%	-
06/30/13	21,081	100%	-

F. Retirement Health Benefits.

1. Retirement Health Benefit Subsidy Plan

(A) *Plan Description.* During fiscal year 2001-02, the City established the post employment health benefits to cover the Police Management Association (PMA), the 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 the 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, 2013:

	<u>SEIU</u>	<u>PMA</u>	<u>SAMA</u>	<u>CASA</u>
Retirees and beneficiaries receiving benefits	179	22	33	10
Terminated plan members entitled to but not yet receiving benefits	-	1	6	2
Active plan members	386	16	42	44
Total	565	39	81	56

(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 2013, the negotiated percentage is 1.75% for SAMA, CASA; 1% for SEIU; 0.75% for POA and 1.25% for PMA. Eligibility and benefits varies depending upon the pertinent provisions as embodied in each bargaining unit’s 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 2012-13 and the respective units’ balances available for benefits (not held in an irrevocable trust) at June 30, 2013 were as follows:

	<u>Contribution</u>	<u>Balance in Agency Fund</u>
POA	\$ 360,042	\$ N/A ⁽¹⁾
PMA	26,321 ⁽²⁾	159,033
SEIU	281,393	434,508
SAMA	106,292	560,630
CASA	62,735	272,908
Total	<u>\$ 836,783</u>	<u>\$ 1,427,079</u>

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

(2) Starting from 7/1/2012, PMA established a Retiree Health Savings Plan with ICMA-RC.

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

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

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 of active employees contribution times number of year in the PEMHCA. The annual increase in minimum PEMHCA contribution to CalPERS will continue until the time that the City contribution for retirees equals the City contribution paid for active employees. The maximum adjustment to the minimum contribution is \$100 per annuitant per month. During fiscal year 2012-13, the total City’s PEMHCA contribution for retirees is \$398,099.

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 2013 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 follows:

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

3. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The ARC unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period of the unfunded actuarial liability ends by June 30, 2043. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

CITY OF SANTA ANA

(Dollar amounts in thousands)	PMA	FBA	FMA	SEIU	SAMA	CASA	Total PEMHCA
PEMHCA							
Annual required contribution	\$ 57	\$ 120	\$ 5	\$ 908	\$ 118	\$ 81	\$ 1,289
Interest on net OPEB obligation	10	71	2	172	19	16	290
Adjustment to annual required contribution	(9)	(64)	(2)	(155)	(17)	(15)	(262)
Annual OPEB cost (expense)	58	127	5	925	120	82	1,317
Contribution made	(20)	(108)	(1)	(226)	(36)	(7)	(398)
Increase (decrease) in net OPEB obligation	38	19	4	699	84	75	919
Net OPEB obligation - beginning of year	245	1,667	53	4,057	448	382	6,852
Net OPEB obligation - end of year	\$ 283	\$ 1,686	\$ 57	\$ 4,756	\$ 532	\$ 457	\$ 7,771

(Dollar amounts in thousands)	PMA	FBA	FMA	SEIU	SAMA	CASA	Total Subsidy Plan
SUBSIDY PLAN							
Annual required contribution	\$ 39	\$ -	\$ -	\$ 999	\$ 214	191	\$ 1,443
Interest on net OPEB obligation	2	-	-	196	32	26	256
Adjustment to annual required contribution	(2)	-	-	(176)	(29)	(24)	(231)
Annual OPEB cost (expense)	39	-	-	1,019	217	193	1,468
Contribution made	(26)	-	-	(281)	(106)	(63)	(476)
Increase (decrease) in net OPEB obligation	13	-	-	738	111	130	992
Net OPEB obligation - beginning of year	53	-	-	4,605	760	622	6,040
Net OPEB obligation - end of year	\$ 66	\$ -	(1)	\$ 5,343	\$ 871	\$ 752	\$ 7,032

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

(Dollar amounts in thousands)	TOTAL OPEB	Subsidy Plan	Total OPEB
Annual required contribution	\$ 1,289	\$ 1,443	\$ 2,732
Interest on net OPEB obligation	290	256	546
Adjustment to annual required contribution	(262)	(231)	(493)
Annual OPEB cost (expense)	1,317	1,468	2,785
Contribution made	(398)	(476)	(874)
Increase (decrease) in net OPEB obligation	919	992	1,911
Net OPEB obligation - beginning of year	6,852	6,040	12,892
Net OPEB obligation - end of year	\$ 7,771	\$ 7,032	\$ 14,803

The required contribution was determined as part of the June 30, 2013 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 2013 and the two preceding years were as follows:

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Dollar amounts in thousands):

	Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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		\$ 8,774	17.3%	\$ 28,025
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		\$ (13,837)	-9.4%	\$ 12,892
POA	06/30/13	\$ - ⁽¹⁾	0.0%	\$ -
PMA	06/30/13	97	47.4%	349
FBA	06/30/13	127 ⁽²⁾	85.0%	1,686
FMA	06/30/13	5 ⁽²⁾	20.0%	57
SEIU	06/30/13	1,944	26.1%	10,099
SAMA	06/30/13	337	42.1%	1,403
CASA	06/30/13	275	25.5%	1,209
Total		\$ 2,785	31.4%	\$ 14,803

(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, 2013 is as follows (Dollar amounts in thousands):

	(a) Entry Age Normal	(b) Actuarial Value of Assets	(a)-(b)=(c) Unfunded Actuarial Liability (UAAL)	(b)/(a) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL As a % of Covered Payroll
POA	06/30/13 \$ - ⁽¹⁾	-	\$ -	0%	\$ -	0.0%
PMA	06/30/13 2,041	-	2,041	0%	2,415	84.5%
FBA	06/30/13 3,135 ⁽²⁾	-	3,135	0%	18,924	16.6%
SEIU	06/30/13 29,698	-	29,698	0%	34,514	86.0%
FMA	06/30/13 125 ⁽²⁾	-	125	0%	728	17.2%
SAMA	06/30/13 5,625	-	5,625	0%	6,302	89.3%
CASA	06/30/13 3,614	-	3,614	0%	5,499	65.7%
Total	\$ 44,238	\$ -	\$ 44,238	0%	\$ 68,382	64.7%

(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 \$121,517 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 2012-13, the City’s annual PARS contribution was \$121,517.

The funded status of the plan (in thousands) based on actuarial valuation for 2013 and the preceding year is as follows:

	(a)	(b)	(c)		
Actuarial Valuation Date	Actuarial Liability (AAL)	Market Value of Plan Assets	Unfunded Actuarial Liability (UAAL)	(b)/(a) Funded Ratio	Amortization Payment of UAL
06/30/12 ⁽¹⁾	\$ 1,702	\$ 57	\$ 1,645	3.3%	\$ 135 ⁽³⁾
06/30/13	1,699	58 ⁽²⁾	1,641	3.4%	139 ⁽⁴⁾

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

(2) Market Value of Plan Assets does not include contributions made after June 30, 2013.

(3) 20-Year Level Dollar amortization with beginning-of-year payments.

(4) 19-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

Three-year trend information for the Supplementary Retirement Plan for twenty-six POA retirees (dollar amount in thousands):

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
6/30/2011	\$ 124	100%	-
6/30/2012	124	100%	-
6/30/2013	122	100%	-

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 for \$26,842,243 and the Economic Uncertainty Reserve for \$3,845,592 are reported as unassigned fund balance in the General Fund.

I. Net Position Designations

As of June 30, 2013, the following business-type activities funds of the City had designations of unrestricted net position as follows:

	Business-Type Activities Enterprise Funds				
	Water	Parking	Sewer	Nonmajor	Total
Designated for authorized projects	\$ 7,281,820	\$ -	\$ 784,912	\$ -	\$ 8,066,732
Designated for subsequent year expenditures	7,476,774	4,201,351	3,310,170	624,708	15,613,003
Designated for bond resolutions requirement	1,811,393	-	-	-	1,811,393
Designated for account receivable	9,990,093	-	-	-	9,990,093
Undesignated	-	1,609,647	1,747,807	5,797,037	9,154,491
Total unrestricted net position	\$ 26,560,080	\$ 5,810,998	\$ 5,842,889	\$ 6,421,745	\$ 44,635,712

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

Due Diligence Reviews

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 that did not 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 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 on April 8, 2013, they made certain adjustments to the amounts owed and requested the Successor Agency to pay \$33.2 million.

The results of the second review identified potentially \$10.6 million unencumbered in cash and investments transferred from the former Redevelopment Agency to the Other Funds and Accounts (OFA).

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 the OFA available for distribution to the taxing entities. Based on the State's review on May 8, 2013, they made certain adjustments to the amounts owed and requested the Successor Agency to pay \$21.8 million. On May 15, 2013, the \$10.6 million was remitted to the Orange County Auditor Controller (CAC).

The Successor Agency has contested the State's request believing the \$33.2 million and the \$11.2 million (\$21.8 million - \$10.6 million) from LMIHF and OFA respectively, are related to enforceable obligations. On April 29, 2013, the Successor Agency joined with certain developers to file a Motion for Temporary retained Order (TRO), Preliminary Injunction and/or Stay. On August 5, 2013, the State demanded the payment of \$2.58 million of the \$33.2 million. On August 15, 2013, the City submitted the TRO Preliminary Injunction and/or Stay motion with the Supreme Court of the State of California. On the same day, the Supreme Court of the State of California denied the motion and the City made the \$2.58 million payment to Orange County on September 4, 2013. The ultimate outcome related to the balance of the amounts in question surrounding these issues cannot presently be determined, and accordingly, no provision for any liability that may result has been recorded in the financial statements.

Recognized Obligation Payments Schedule

On September 26, 2013, the Successor Agency submitted their ROPS 13-14B covering enforceable obligations payable January 1, 2014 through June 30, 2014. Subsequently, the State has reviewed and approved the ROPS 13-14B 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 including the Prior Period Adjustment amount of \$2.2 million 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

Required Supplementary
Information



**General Fund
Budgetary Comparison Schedule
Year ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 144,406,503	144,406,503	155,863,578	\$ 11,457,075
License and permits	4,262,440	4,262,440	4,032,104	(230,336)
Intergovernmental	2,139,000	2,547,975	2,565,674	17,699
Charges for services	8,753,102	8,753,102	8,320,787	(432,315)
Fines and forfeits	7,395,437	7,395,437	6,934,990	(460,447)
Investment income	206,800	206,800	(332,600)	(539,400)
Cost recoveries and donations	15,642,187	15,810,381	15,291,594	(518,787)
Rental income	15,061,810	15,061,810	15,151,127	89,317
Miscellaneous	745,656	745,656	980,962	235,306
Total revenues	198,612,935	199,190,104	208,808,216	9,618,112
Expenditures:				
General Government:				
City Council	335,805	335,805	265,596	70,209
Clerk of the Council	607,215	610,011	574,132	35,879
City Attorney	2,173,520	2,196,177	1,949,321	246,856
City Manager	1,726,325	1,726,325	1,541,903	184,422
Nondepartmental	3,604,685	3,894,660	3,682,997	211,663
Total General Government	8,447,550	8,762,978	8,013,949	749,029
Human Resources	1,275,574	1,276,320	1,148,897	127,423
Finance and Management Services	3,647,556	3,649,066	3,189,486	459,580
Museum	1,482,130	1,482,130	1,474,285	7,845
Library	2,814,080	2,857,617	2,706,710	150,907
Recreation and Community Services	14,356,842	14,717,553	13,441,222	1,276,331
Police Department	102,368,677	103,120,875	100,380,821	2,740,054
Fire Department	40,493,840	40,498,591	40,061,952	436,639
Planning and Building	7,284,130	7,552,730	5,666,348	1,886,382
Public Works	4,972,100	5,243,245	5,775,751	(532,506)
Community Development	1,031,260	1,132,394	511,324	621,070
	179,726,189	181,530,521	174,356,796	7,173,725
Capital Outlay	1,854,103	2,164,517	244,642	1,919,875
Debt Service:	-	-	-	-
Principal retirement	1,110,911	1,110,911	1,059,556	51,355
Interest and fiscal charges	743,418	743,418	768,007	(24,589)
Total expenditures	191,882,171	194,312,345	184,442,950	9,869,395
Excess (deficiency) of revenues over (under) expenditures	6,730,764	4,877,759	24,365,266	19,487,507
Other financing sources (uses):				
Transfers in	611,921	611,921	721,420	109,499
Transfers out	(9,588,105)	(9,588,105)	(9,704,318)	(116,213)
Total other financing sources (uses)	(8,976,184)	(8,976,184)	(8,982,898)	(6,714)
Net change in fund balance	(2,245,420)	(4,098,425)	15,382,368	19,480,793
Fund balance - beginning	23,996,331	23,996,331	23,996,331	-
Fund balance - ending	\$ <u>21,750,911</u>	<u>19,897,906</u>	<u>39,378,699</u>	\$ <u>19,480,793</u>

See accompanying Notes to Required Supplementary Information.

**Special Revenue Housing Authority Fund
Budgetary Comparison Schedule
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 30,274,095	30,274,095	30,167,422	\$ (106,673)
Investment income	25,000	25,000	28,606	3,606
Miscellaneous	154,000	154,000	248,676	94,676
Total revenues	<u>30,453,095</u>	<u>30,453,095</u>	<u>30,444,704</u>	<u>(8,391)</u>
Expenditures:				
Current:				
Community development	<u>30,862,135</u>	<u>30,904,836</u>	<u>31,550,889</u>	<u>(646,053)</u>
Total expenditures	<u>30,862,135</u>	<u>30,904,836</u>	<u>31,550,889</u>	<u>(646,053)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(409,040)</u>	<u>(451,741)</u>	<u>(1,106,185)</u>	<u>(654,444)</u>
Net change in fund balance	<u>(409,040)</u>	<u>(451,741)</u>	<u>(1,106,185)</u>	<u>(654,444)</u>
Fund balance - beginning	<u>5,165,249</u>	<u>5,165,249</u>	<u>5,165,249</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,756,209</u>	<u>4,713,508</u>	<u>4,059,064</u>	<u>\$ (654,444)</u>

See accompanying Notes to Required Supplementary Information.

**Special Revenue Gas Tax Fund
Budgetary Comparison Schedule
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 9,255,465	9,255,465	8,061,948	\$ (1,193,517)
Investment income	43,000	43,000	(234,345)	(277,345)
Cost recoveries and donations	-	-	334	334
Total revenues	9,298,465	9,298,465	7,827,937	(1,470,528)
Expenditures:				
Current:				
Public works	3,040,395	3,040,395	2,472,513	(567,882)
Debt Service:				
Principal retirement	1,220,000	1,220,000	1,220,000	-
Interest and fiscal charges	2,990,985	2,990,985	2,964,081	26,904
Total expenditures	7,251,380	7,251,380	6,656,594	(540,978)
Excess (deficiency) of revenues over (under) expenditures	2,047,085	2,047,085	1,171,343	(875,742)
Other financing sources (uses):				
Transfers out	(2,047,085)	(2,047,085)	(1,410,346)	636,739
Total other financing sources (uses)	(2,047,085)	(2,047,085)	(1,410,346)	636,739
Net change in fund balance	-	-	(239,003)	(239,003)
Fund balance - beginning	23,032,933	23,032,933	23,032,933	-
Fund balance - ending	\$ 23,032,933	23,032,933	22,793,930	\$ (239,003)

See accompanying Notes to Required Supplementary Information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, YEAR ENDED JUNE 30, 2013

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, 2013, 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. Public Works expenditures were funded by higher than expected revenues.

**Required Supplementary Information
Miscellaneous and Safety Plans
Schedule of Funding Progress
June 30, 2013**

(in thousands)

<u>Plan</u>	<u>Actuarial Valuation Date</u>	(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	06/30/10	\$ 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%
Miscellaneous	06/30/12	670,676	547,676	123,000	81.7%	55,797	220.4%
Safety	06/30/12	886,484	766,597	119,887	86.5%	36,443	329.0%

REQUIRED SUPPLEMENTARY INFORMATION

**Required Supplementary Information
OPEB Schedule of Funding Progress
June 30, 2013
(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	06/30/11	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%
PMA	06/30/13	2,041	-	2,041	0%	2,415	84.5%
FBA	06/30/13	3,135 (2)	-	3,135	0%	18,924	16.6%
SEIU	06/30/13	29,698	-	29,698	0%	34,514	86.0%
FMA	06/30/13	125 (2)	-	125	0%	728	17.2%
SAMA	06/30/13	5,625	-	5,625	0%	6,302	89.3%
CASA	06/30/13	3,614	-	3,614	0%	5,499	65.7%
Total		\$ 44,238	\$ -	\$ 44,238	0%	\$ 68,382	64.7%

(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 provide firefighting and related services caused the subsidy plan terminated.



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Supplementary Schedules



**Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013**

	Special Revenue Funds	Capital Projects Funds	Total
Assets			
Cash and investments	\$ 6,928,557	\$ 8,944,839	\$ 15,873,396
Receivables:			
Interest	3,481	4,509	7,990
Intergovernmental	537,754	914,555	1,452,309
Total assets	<u>\$ 7,469,792</u>	<u>\$ 9,863,903</u>	<u>\$ 17,333,695</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 204,949	\$ 231,861	\$ 436,810
Retention payable	81	30,420	30,501
Due to other funds	1,318	887,042	888,360
Deferred revenues	236,801	914,555	1,151,356
Total liabilities	<u>443,149</u>	<u>2,063,878</u>	<u>2,507,027</u>
Fund balances:			
Restricted for:			
Community development	-	965,196	965,196
Public safety	180,032	-	180,032
Drainage construction	-	4,719,532	4,719,532
Other capital projects	6,129,401	-	6,129,401
Cultural recreation and community services	717,210	3,051,066	3,768,276
Unassigned	<u>-</u>	<u>(935,769)</u>	<u>(935,769)</u>
Total fund balances	<u>7,026,643</u>	<u>7,800,025</u>	<u>14,826,668</u>
Total liabilities and fund balances	<u>\$ 7,469,792</u>	<u>\$ 9,863,903</u>	<u>\$ 17,333,695</u>

**Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2013**

	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Taxes	\$ -	\$ 117,872	\$ 117,872
Intergovernmental	3,263,970	895,335	4,159,305
Charges for services	244,967	-	244,967
Investment income	36,263	47,980	84,243
Cost recoveries	489,667	38,551	528,218
Miscellaneous	770	14,080	14,850
Total revenues	<u>4,035,637</u>	<u>1,113,818</u>	<u>5,149,455</u>
Expenditures:			
Current:			
Human resources	141,800	-	141,800
Recreation and community services	1,888,703	664,987	2,553,690
Police department	1,718,805	-	1,718,805
Planning and building	232,038	-	232,038
Public works	-	109,422	109,422
Capital outlay	205,088	741,669	946,757
Total expenditures	<u>4,186,434</u>	<u>1,516,078</u>	<u>5,702,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150,797)</u>	<u>(402,260)</u>	<u>(553,057)</u>
Other financing sources:			
Transfers in	<u>577,693</u>	<u>-</u>	<u>577,693</u>
Total other financing sources	<u>577,693</u>	<u>-</u>	<u>577,693</u>
Net change in fund balances	426,896	(402,260)	24,636
Fund balances - beginning	<u>6,599,747</u>	<u>8,202,285</u>	<u>14,802,032</u>
Fund balances - ending	<u>\$ 7,026,643</u>	<u>\$ 7,800,025</u>	<u>\$ 14,826,668</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, 2013**

	Sewer Connection Fee	Civic Center & Maintenance
Assets		
Cash and investments	\$ 6,126,319	-
Receivables:		
Interest	3,082	-
Intergovernmental	-	434,234
Total assets	\$ 6,129,401	434,234
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ -	103,812
Retention payable	-	81
Due to other funds	-	1,318
Deferred revenues	-	236,801
Total liabilities	-	342,012
Fund balances (deficit):		
Restricted for:		
Public safety	-	-
Other capital projects	6,129,401	-
Cultural recreation and community services	-	92,222
Total fund balance	6,129,401	92,222
Total liabilities and fund balance	\$ 6,129,401	434,234

NONMAJOR SPECIAL REVENUE FUNDS

Inmate Welfare	Air Quality Improvement	Total
201,138	601,100	\$ 6,928,557
101	298	3,481
-	103,520	537,754
<u>201,239</u>	<u>704,918</u>	<u>\$ 7,469,792</u>
21,207	79,930	\$ 204,949
-	-	81
-	-	1,318
-	-	236,801
<u>21,207</u>	<u>79,930</u>	<u>443,149</u>
180,032	-	180,032
-	-	6,129,401
-	624,988	717,210
<u>180,032</u>	<u>624,988</u>	<u>7,026,643</u>
<u>201,239</u>	<u>704,918</u>	<u>\$ 7,469,792</u>

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2013

	Sewer Connection Fee	Civic Center & Maintenance	Inmate Welfare	Air Quality Maintenance	Total
Revenues:					
Intergovernmental	\$ -	2,833,969	-	430,001	\$ 3,263,970
Charges for services	244,967	-	-	-	244,967
Investment income	31,981	-	1,168	3,114	36,263
Cost recoveries	-	-	489,667	-	489,667
Miscellaneous	-	-	-	770	770
Total revenues	<u>276,948</u>	<u>2,833,969</u>	<u>490,835</u>	<u>433,885</u>	<u>4,035,637</u>
Expenditures:					
Current:					
Human resources	-	-	-	141,800	141,800
Recreation and community services	-	1,888,703	-	-	1,888,703
Police department	-	1,163,411	555,394	-	1,718,805
Planning and building	-	-	-	232,038	232,038
Capital Outlay	<u>135,784</u>	<u>-</u>	<u>-</u>	<u>69,304</u>	<u>205,088</u>
Total expenditures	<u>135,784</u>	<u>3,052,114</u>	<u>555,394</u>	<u>443,142</u>	<u>4,186,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>141,164</u>	<u>(218,145)</u>	<u>(64,559)</u>	<u>(9,257)</u>	<u>(150,797)</u>
Other financing sources (uses):					
Transfers in	<u>-</u>	<u>577,693</u>	<u>-</u>	<u>-</u>	<u>577,693</u>
Total other financing sources (uses)	<u>-</u>	<u>577,693</u>	<u>-</u>	<u>-</u>	<u>577,693</u>
Net change in fund balances	141,164	359,548	(64,559)	(9,257)	426,896
Fund balance (deficit) - beginning	<u>5,988,237</u>	<u>(267,326)</u>	<u>244,591</u>	<u>634,245</u>	<u>6,599,747</u>
Fund balance - ending	<u>\$ 6,129,401</u>	<u>92,222</u>	<u>180,032</u>	<u>624,988</u>	<u>\$ 7,026,643</u>

**Nonmajor Special Revenue Funds
Sewer Connection Fee
Budgetary Comparison Schedule
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 188,294	188,294	244,967	\$ 56,673
Investment income	-	-	31,981	31,981
Total revenues	188,294	188,294	276,948	88,654
Expenditures:				
Capital Outlay	188,294	188,294	135,784	52,510
Total expenditures	188,294	188,294	135,784	52,510
Excess (deficiency) of revenues over (under) expenditures	-	-	141,164	141,164
Net change in fund balance	-	-	141,164	141,164
Fund balance - beginning	5,988,237	5,988,237	5,988,237	-
Fund balance - ending	\$ 5,988,237	5,988,237	6,129,401	\$ 141,164

**Nonmajor Special Revenue Funds
Civic Center & Maintenance
Budgetary Comparison Schedule
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,622,080	3,255,936	2,833,969	\$ (421,967)
Total revenues	2,622,080	3,255,936	2,833,969	(421,967)
Expenditures:				
Current:				
Recreation and community services	2,045,850	2,083,356	1,888,703	194,653
Police department	1,176,230	1,176,230	1,163,411	12,819
Total expenditures	3,222,080	3,259,586	3,052,114	207,472
Excess (deficiency) of revenues over (under) expenditures	(600,000)	(3,650)	(218,145)	(214,495)
Other financing sources (uses):				
Transfers in	600,000	600,000	577,693	(22,307)
Total other financing sources (uses)	600,000	600,000	577,693	(22,307)
Net change in fund balance	-	596,350	359,548	(236,802)
Fund balance (deficit) - beginning	(267,326)	(267,326)	(267,326)	-
Fund balance (deficit) - ending	\$ (267,326)	329,024	92,222	\$ (236,802)

**Nonmajor Special Revenue Funds
Inmate Welfare Fund
Budgetary Comparison Schedule
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Investment income	\$ 3,500	3,500	1,168	\$ (2,332)
Cost recoveries	450,000	450,000	489,667	39,667
Total revenues	453,500	453,500	490,835	37,335
Expenditures:				
Current:				
Police department	813,500	841,658	555,394	286,264
Total expenditures	813,500	841,658	555,394	286,264
Excess (deficiency) of revenues over (under) expenditures	(360,000)	(388,158)	(64,559)	323,599
Net change in fund balance	(360,000)	(388,158)	(64,559)	323,599
Fund balance - beginning	244,591	244,591	244,591	-
Fund balance (deficit)- ending	\$ (115,409)	(143,567)	180,032	\$ 323,599

**Nonmajor Special Revenue Funds
Air Quality Improvement
Budgetary Comparison Schedule
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 843,700	843,700	430,001	\$ (413,699)
Investment income	300	300	3,114	2,814
Miscellaneous	1,850	1,850	770	(1,080)
Total revenues	845,850	845,850	433,885	(411,965)
Expenditures:				
Current:				
Human resources	309,340	309,363	141,800	167,563
Planning and building	336,510	436,510	232,038	204,472
Capital Outlay	200,000	727,500	69,304	(658,196)
Total expenditures	845,850	1,473,373	443,142	(286,161)
Excess (deficiency) of revenues over (under) expenditures	-	(627,523)	(9,257)	(698,126)
Net change in fund balance	-	(627,523)	(9,257)	(698,126)
Fund balance - beginning	634,245	634,245	634,245	-
Fund balance - ending	\$ 634,245	6,722	624,988	\$ (698,126)

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, 2013**

	Capital Grants	Drainage Construction
Assets		
Cash and investments	\$ -	4,841,883
Receivables:		
Interest	-	2,449
Intergovernmental	914,555	-
Total assets	\$ 914,555	4,844,332
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 40,321	124,800
Retention payable	8,406	-
Due to other funds	887,042	-
Deferred revenues	914,555	-
Total liabilities	1,850,324	124,800
Fund balances (deficit):		
Restricted for:		
Community development	-	-
Drainage construction	-	4,719,532
Cultural recreation and community services	-	-
Unassigned:	(935,769)	-
Total fund balances (deficit)	(935,769)	4,719,532
Total liabilities and fund balances	\$ 914,555	4,844,332

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Inclusionary Housing Fee	Total
3,138,252	964,704	\$ 8,944,839
1,568	492	4,509
-	-	914,555
<u>3,139,820</u>	<u>965,196</u>	<u>\$ 9,863,903</u>
66,740	-	\$ 231,861
22,014	-	30,420
-	-	887,042
-	-	914,555
<u>88,754</u>	<u>-</u>	<u>2,063,878</u>
-	965,196	965,196
-	-	4,719,532
3,051,066	-	3,051,066
-	-	(935,769)
<u>3,051,066</u>	<u>965,196</u>	<u>7,800,025</u>
<u>3,139,820</u>	<u>965,196</u>	<u>\$ 9,863,903</u>

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2013

	Capital Grants	Drainage Construction
Revenues:		
Taxes	\$ -	117,872
Intergovernmental	895,335	-
Investment income	-	25,561
Cost recoveries	-	-
Miscellaneous	-	-
Total revenues	<u>895,335</u>	<u>143,433</u>
Expenditures:		
Current:		
Recreation and Community Services	516,164	-
Public Works	10,953	98,469
Capital outlay	<u>349,272</u>	<u>117,832</u>
Total expenditures	<u>876,389</u>	<u>216,301</u>
Net change in fund balances	<u>18,946</u>	<u>(72,868)</u>
Fund balances (deficit) - beginning	<u>(954,715)</u>	<u>4,792,400</u>
Fund balances (deficit) - ending	<u><u>\$ (935,769)</u></u>	<u><u>4,719,532</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Inclusionary Housing Fee	Total
-	-	\$ 117,872
-	-	895,335
17,291	5,128	47,980
38,551	-	38,551
-	14,080	14,080
55,842	19,208	1,113,818
148,823	-	664,987
-	-	109,422
274,565	-	741,669
423,388	-	1,516,078
(367,546)	19,208	(402,260)
3,418,612	945,988	8,202,285
3,051,066	965,196	\$ 7,800,025



CITY OF SANTA ANA, CALIFORNIA
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Nonmajor Enterprise Funds

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

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

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

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

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

Federal Clean Water Protection - For the provision of storm drain systems operation and maintenance and pollution reduction under the National Pollutant Discharge Elimination permit issued by the Santa Ana Region of Water Quality Control Board.

Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2013

	<u>Refuse Collections</u>	<u>Transportation Center</u>
Assets:		
Current assets:		
Cash and investments	\$ 2,779,184	18,668
Receivables:		
Taxes	-	-
Accounts	2,015,191	201,456
Allowance for uncollectible accounts	(22,673)	-
Interest	1,730	32
Total current assets	<u>4,773,432</u>	<u>220,156</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	-	187,030
Less accumulated depreciation	-	(10,079,063)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>10,788,182</u>
Total noncurrent assets	<u>-</u>	<u>10,788,182</u>
Total assets	<u>4,773,432</u>	<u>11,008,338</u>
Liabilities:		
Current liabilities:		
Accounts payable	54,986	83,620
Retention payable	-	-
Compensated absences payable (current portion)	5,498	-
Deferred Revenue	92,519	-
Deposits payable	-	11,000
Total current liabilities	<u>153,003</u>	<u>94,620</u>
Noncurrent liabilities:		
Compensated absences payable	16,494	-
Postemployment benefits obligation	36,049	4,107
Total noncurrent liabilities	<u>52,543</u>	<u>4,107</u>
Total liabilities	<u>205,546</u>	<u>98,727</u>
Net position:		
Net investment in capital assets	-	10,788,182
Restricted for:		
National Pollution Discharge Elimination System	-	-
Unrestricted	4,567,886	121,429
Total net position	<u>\$ 4,567,886</u>	<u>10,909,611</u>

NONMAJOR ENTERPRISE FUNDS

Sanitation	Federal Clean Water Protection	Total
1,825,226	3,391,456	\$ 8,014,534
6,058	-	6,058
1,276,241	214,565	3,707,453
(52,022)	-	(74,695)
1,515	2,761	6,038
<u>3,057,018</u>	<u>3,608,782</u>	<u>11,659,388</u>
-	-	3,792,491
-	-	8,607,909
-	547,015	4,009,534
19,592	-	19,592
-	-	4,817,296
-	10,820	197,850
(14,857)	(134,475)	(10,228,395)
<u>4,735</u>	<u>423,360</u>	<u>11,216,277</u>
<u>4,735</u>	<u>423,360</u>	<u>11,216,277</u>
<u>3,061,753</u>	<u>4,032,142</u>	<u>22,875,665</u>
335,224	143,301	617,131
-	1,919	1,919
123,697	5,417	134,612
-	-	92,519
-	-	11,000
<u>458,921</u>	<u>150,637</u>	<u>857,181</u>
371,090	16,252	403,836
494,577	126,361	661,094
<u>865,667</u>	<u>142,613</u>	<u>1,064,930</u>
<u>1,324,588</u>	<u>293,250</u>	<u>1,922,111</u>
4,735	423,360	11,216,277
-	3,315,532	3,315,532
1,732,430	-	6,421,745
<u>1,737,165</u>	<u>3,738,892</u>	<u>\$ 20,953,554</u>

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2013

	Refuse Collections	Transportation Center
Operating revenues:		
Charges for services	\$ 9,955,346	860,099
Miscellaneous	6,695,025	8,667
Total operating revenues	16,650,371	868,766
Operating expenses:		
Personal services	183,000	-
Contractual services	8,273,379	805,093
Materials and supplies	8,496	11,291
Other services and charges	7,657,023	77,965
Depreciation	-	422,193
Total operating expenses	16,121,898	1,316,542
Operating income (loss)	528,473	(447,776)
Nonoperating revenues (expenses):		
Intergovernmental	22,157	-
Investment earnings	11,782	891
Gain (loss) on disposal of capital assets	-	-
Total nonoperating revenues (expenses)	33,939	891
Change in net position	562,412	(446,885)
Net position - beginning	4,005,474	11,356,496
Net position - ending	\$ 4,567,886	10,909,611

Sanitation	Federal Clean Water Protection	Total
7,923,892	2,740,465	\$ 21,479,802
7,032	-	6,710,724
7,930,924	2,740,465	28,190,526
3,132,083	644,958	3,960,041
1,970,015	891,664	11,940,151
80,254	1,541	101,582
2,717,674	214,506	10,667,168
4,896	27,351	454,440
7,904,922	1,780,020	27,123,382
26,002	960,445	1,067,144
-	-	22,157
9,218	16,524	38,415
(8,010)	-	(8,010)
1,208	16,524	52,562
27,210	976,969	1,119,706
1,709,955	2,761,923	19,833,848
1,737,165	3,738,892	\$ 20,953,554

**Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2013**

	Refuse Collections	Transportation Center
Cash flows from operating activities:		
Receipts from customers	\$ 10,052,878	658,643
Receipts from other operating sources	6,695,025	8,667
Payments to suppliers for goods and services	(15,991,200)	(881,772)
Payments to employees	(168,267)	-
Net cash provided by (used for) operating activities	588,436	(214,462)
Cash flows from noncapital financing activities:		
Intergovernment contribution	114,676	-
Net cash used for noncapital financing activities	114,676	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(110,080)
Net cash used for capital and related financing activities	-	(110,080)
Cash flows from investing activities:		
Interest received	11,797	1,161
Net cash provided by investing activities	11,797	1,161
Net increase (decrease) in cash and cash equivalents	714,909	(323,381)
Cash and cash equivalents - beginning	2,064,275	342,049
Cash and cash equivalents - ending	\$ 2,779,184	18,668

Sanitation	Federal Clean Water Protection		Total
7,943,930	2,729,190	\$	21,384,641
7,032	-		6,710,724
(4,508,833)	(1,021,467)		(22,403,272)
(3,064,669)	(624,208)		(3,857,144)
377,460	1,083,515		1,834,949
-	-		114,676
-	-		114,676
-	(10,820)		(120,900)
-	(10,820)		(120,900)
9,317	15,706		37,981
9,317	15,706		37,981
386,777	1,088,401		1,866,706
1,438,449	2,303,055		6,147,828
1,825,226	3,391,456	\$	8,014,534

Continued

**Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2013**

	<u>Refuse Collections</u>	<u>Transportation Center</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 528,473	(447,776)
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	97,532	(201,456)
Increase (decrease) in accounts payable	(52,302)	12,577
Increase (decrease) in compensated absences payable	7,809	-
Increase (decrease) in postemployment benefits obligation	6,924	-
Net cash provided by (used for) operating activities	<u>\$ 588,436</u>	<u>(214,462)</u>

<u>Sanitation</u>	<u>Federal Clean Water Protection</u>	<u>Total</u>
26,002	960,445	\$ 1,067,144
-	-	
-	-	
4,896	27,351	454,440
20,038	(11,275)	(95,161)
259,110	86,244	305,629
(20,601)	(8,386)	(21,178)
88,015	29,136	124,075
<u>377,460</u>	<u>1,083,515</u>	<u>\$ 1,834,949</u>



CITY OF SANTA ANA, CALIFORNIA
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Internal Service Funds

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

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

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

Equipment Maintenance and Replacement - For the provision of maintenance on, materials and supplies for, and replacement of, City vehicles and other gasoline or diesel-powered equipment, 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 Position
June 30, 2013

	Central Services	Building Maintenance	Equipment Maintenance and Replacement
Assets:			
Current assets:			
Cash and investments	\$ 739,397	3,033,450	6,931,191
Receivables:			
Accounts	-	-	41,610
Intergovernmental	-	-	-
Interest	601	-	5,952
Due from other funds	-	-	-
Inventory of supplies	21,454	-	722,383
Total current assets	<u>761,452</u>	<u>3,033,450</u>	<u>7,701,136</u>
Noncurrent assets:			
Advances to other funds	-	-	-
Restricted cash and investments	-	-	-
Cash and investments with fiscal agent	-	-	-
Capital assets:			
Improvements other than buildings	-	602,886	-
Equipment	326,753	21,104	23,105,406
Other Assets	-	-	-
Less accumulated depreciation	<u>(300,607)</u>	<u>(623,990)</u>	<u>(19,532,754)</u>
Total capital assets (net of accumulated depreciation)	<u>26,146</u>	<u>-</u>	<u>3,572,652</u>
Total noncurrent assets	<u>26,146</u>	<u>-</u>	<u>3,572,652</u>
Total assets	<u>787,598</u>	<u>3,033,450</u>	<u>11,273,788</u>
Liabilities:			
Current liabilities:			
Accounts payable	47,933	202,906	343,823
Compensated absences payable (current portion)	5,916	31,147	101,531
Claims payable (current portion)	-	-	-
Total current liabilities	<u>53,849</u>	<u>234,053</u>	<u>445,354</u>
Noncurrent liabilities:			
Compensated absences payable	17,748	93,441	304,591
Claims payable	-	-	-
Postemployment benefits obligation	36,952	188,929	430,072
Total noncurrent liabilities	<u>54,700</u>	<u>282,370</u>	<u>734,663</u>
Total liabilities	<u>108,549</u>	<u>516,423</u>	<u>1,180,017</u>
Net position:			
Net Investment in capital assets	26,146	-	3,572,652
Unrestricted	<u>652,903</u>	<u>2,517,027</u>	<u>6,521,119</u>
Total net position	<u>\$ 679,049</u>	<u>2,517,027</u>	<u>10,093,771</u>

Liability and Property Insurance	Employee Group Insurance	Workers Compensation	Information and Communications Services	City Yard Operations
24,148,451	2,610,998	19,069,419	12,187,448	156,887
-	471	-	-	-
-	-	-	-	-
21,276	1,793	16,035	10,420	140
888,360	-	-	-	-
-	-	-	-	-
<u>25,058,087</u>	<u>2,613,262</u>	<u>19,085,454</u>	<u>12,197,868</u>	<u>157,027</u>
-	-	2,920,000	-	-
-	268,778	-	-	-
2,910,167	-	-	-	-
-	-	-	-	256,131
-	15,754	-	7,597,223	68,201
-	-	-	6,244,193	-
-	(15,754)	-	(8,200,634)	(120,565)
-	-	-	5,640,782	203,767
<u>2,910,167</u>	<u>268,778</u>	<u>2,920,000</u>	<u>5,640,782</u>	<u>203,767</u>
<u>27,968,254</u>	<u>2,882,040</u>	<u>22,005,454</u>	<u>17,838,650</u>	<u>360,794</u>
88,581	15,493	9,020	178,751	15,225
15,281	12,460	21,448	77,761	-
3,186,057	-	4,200,000	-	-
<u>3,289,919</u>	<u>27,953</u>	<u>4,230,468</u>	<u>256,512</u>	<u>15,225</u>
45,842	37,380	64,345	233,283	-
3,372,003	-	15,858,450	-	-
56,733	104,660	152,520	289,899	-
<u>3,474,578</u>	<u>142,040</u>	<u>16,075,315</u>	<u>523,182</u>	<u>-</u>
<u>6,764,497</u>	<u>169,993</u>	<u>20,305,783</u>	<u>779,694</u>	<u>15,225</u>
-	-	-	5,640,782	203,767
<u>21,203,757</u>	<u>2,712,047</u>	<u>1,699,671</u>	<u>11,418,174</u>	<u>141,802</u>
<u>21,203,757</u>	<u>2,712,047</u>	<u>1,699,671</u>	<u>17,058,956</u>	<u>345,569</u>

Continued

Internal Service Funds
Combining Statement of Net Position
June 30, 2013

	Engineering and Administrative Services	Quality Service Training	Total
Assets:			
Current assets:			
Cash and investments	\$ 709,874	401,424	\$ 69,988,539
Receivables:			
Accounts	11,782	-	53,863
Intergovernmental	10,000	-	10,000
Interest	730	334	57,281
Due from other funds	-	-	888,360
Inventory of supplies	-	-	743,837
Total current assets	<u>732,386</u>	<u>401,758</u>	<u>71,741,880</u>
Noncurrent assets:			
Advances to other funds	-	-	2,920,000
Restricted cash and investments	-	-	268,778
Cash and investments with fiscal agent	-	-	2,910,167
Capital assets:			
Improvements other than buildings	-	-	859,017
Equipment	300,841	-	31,435,282
Other Assets	-	-	6,244,193
Less accumulated depreciation	(220,102)	-	(29,014,406)
Total capital assets (net of accumulated depreciation)	<u>80,739</u>	<u>-</u>	<u>9,524,086</u>
Total noncurrent assets	<u>80,739</u>	<u>-</u>	<u>15,623,031</u>
Total assets	<u>813,125</u>	<u>401,758</u>	<u>87,364,911</u>
Liabilities:			
Current liabilities:			
Accounts payable	60,560	-	962,292
Compensated absences payable (current portion)	152,080	-	417,624
Claims payable (current portion)	-	-	7,386,057
Total current liabilities	<u>212,640</u>	<u>-</u>	<u>8,765,973</u>
Noncurrent liabilities:			
Compensated absences payable	456,239	-	1,252,869
Claims payable	-	-	19,230,453
Postemployment benefits obligation	1,334,734	-	2,594,499
Total noncurrent liabilities	<u>1,790,973</u>	<u>-</u>	<u>23,077,821</u>
Total liabilities	<u>2,003,613</u>	<u>-</u>	<u>31,843,794</u>
Net position:			
Net Investment in capital assets	80,739	-	9,524,086
Unrestricted	<u>(1,271,227)</u>	<u>401,758</u>	<u>45,997,031</u>
Total net position	<u>\$ (1,190,488)</u>	<u>401,758</u>	<u>\$ 55,521,117</u>



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Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2013

	Central Services	Building Maintenance	Equipment Maintenance and Replacement
Operating revenues:			
Charges for services	\$ 672,635	3,420,786	7,187,449
Miscellaneous	-	-	622,740
Total operating revenues	<u>672,635</u>	<u>3,420,786</u>	<u>7,810,189</u>
Operating expenses:			
Cost of goods sold	-	-	1,397,438
Personal services	198,883	995,392	2,574,442
Contractual services	246,662	1,313,677	402,680
Materials and supplies	221,157	129,838	1,778,119
Other services and charges	109,119	134,998	851,360
Administration	-	-	-
Insurance	-	-	-
Provision for self-insured losses	-	-	-
Depreciation	7,768	-	1,367,466
Total operating expenses	<u>783,589</u>	<u>2,573,905</u>	<u>8,371,505</u>
Operating income (loss)	<u>(110,954)</u>	<u>846,881</u>	<u>(561,316)</u>
Nonoperating revenues (expenses):			
Net increase (decrease) in the fair value of investment	-	-	(143,203)
Investment earnings	3,926	-	35,693
Interest expense	-	-	-
Total nonoperating revenues (expenses)	<u>3,926</u>	<u>-</u>	<u>(107,510)</u>
Income (loss) before transfers	(107,028)	846,881	(668,826)
Transfers in	-	-	-
Transfers out	-	(196,118)	(220,000)
Change in net position	(107,028)	650,763	(888,826)
Net position - beginning	<u>786,077</u>	<u>1,866,264</u>	<u>10,982,597</u>
Net position - ending	<u>\$ 679,049</u>	<u>2,517,027</u>	<u>10,093,771</u>

<u>Liability and Property Insurance</u>	<u>Employee Group Insurance</u>	<u>Workers Compensation</u>	<u>Information and Communications Services</u>	<u>City Yard Operations</u>
6,237,158	16,438,160	5,447,491	6,327,057	945,865
-	2,064,808	258,997	41,505	-
<u>6,237,158</u>	<u>18,502,968</u>	<u>5,706,488</u>	<u>6,368,562</u>	<u>945,865</u>
-	-	-	-	-
-	-	-	1,477,416	56,463
-	-	-	3,666,765	252,836
-	-	-	108,926	26,075
-	-	-	296,982	631,837
2,227,159	1,811,931	1,833,429	-	-
1,481,418	15,599,979	220,462	-	-
963,081	1,307,266	4,219,145	-	-
-	-	-	778,923	16,471
<u>4,671,658</u>	<u>18,719,176</u>	<u>6,273,036</u>	<u>6,329,012</u>	<u>983,682</u>
<u>1,565,500</u>	<u>(216,208)</u>	<u>(566,548)</u>	<u>39,550</u>	<u>(37,817)</u>
(530,972)	-	(418,966)	(162,266)	-
131,252	11,662	98,431	64,815	697
-	-	-	(23,906)	-
<u>(399,720)</u>	<u>11,662</u>	<u>(320,535)</u>	<u>(121,357)</u>	<u>697</u>
1,165,780	(204,546)	(887,083)	(81,807)	(37,120)
-	-	-	-	-
-	-	-	-	-
<u>1,165,780</u>	<u>(204,546)</u>	<u>(887,083)</u>	<u>(81,807)</u>	<u>(37,120)</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>
<u>21,203,757</u>	<u>2,712,047</u>	<u>1,699,671</u>	<u>17,058,956</u>	<u>345,569</u>

Continued

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2013

	Engineering and Administrative Services	Quality Service Training	Total
Operating revenues:			
Charges for services	\$ 6,698,020	-	\$ 53,374,621
Miscellaneous	963,274	-	3,951,324
Total operating revenues	<u>7,661,294</u>	<u>-</u>	<u>57,325,945</u>
Operating expenses:			
Cost of goods sold	-	-	1,397,438
Personal services	5,254,590	-	10,557,186
Contractual services	893,141	-	6,775,761
Materials and supplies	206,062	-	2,470,177
Other services and charges	1,815,027	-	3,839,323
Administration	-	-	5,872,519
Insurance	-	-	17,301,859
Provision for self-insured losses	-	-	6,489,492
Depreciation	28,849	-	2,199,477
Total operating expenses	<u>8,197,669</u>	<u>-</u>	<u>56,903,232</u>
Operating income (loss)	<u>(536,375)</u>	<u>-</u>	<u>422,713</u>
Nonoperating revenues (expenses):			
Net increase (decrease) in the fair value of investment	-	-	(1,255,407)
Investment earnings	5,342	2,068	353,886
Interest expense	-	-	(23,906)
Total nonoperating revenues (expenses)	<u>5,342</u>	<u>2,068</u>	<u>(925,427)</u>
Income (loss) before transfers	(531,033)	2,068	(502,714)
Transfers in	10,000	-	10,000
Transfers out	(305,302)	-	(721,420)
Change in net position	(826,335)	2,068	(1,214,134)
Net position - beginning	<u>(364,153)</u>	<u>399,690</u>	<u>56,735,251</u>
Net position (deficit) - ending	<u>\$ (1,190,488)</u>	<u>401,758</u>	<u>\$ 55,521,117</u>



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Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2013

	<u>Central Services</u>	<u>Building Maintenance</u>	<u>Equipment Maintenance and Replacement</u>
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 672,635	3,420,786	7,187,449
Receipts from other operating sources	-	-	581,130
Payments to suppliers for goods and services	(435,765)	(1,357,509)	(3,398,052)
Payments for interfund services used	(109,119)	(134,998)	(851,360)
Payments to employees	(190,578)	(988,144)	(2,417,571)
Net cash provided by (used for) operating activities	<u>(62,827)</u>	<u>940,135</u>	<u>1,101,596</u>
Cash flows from noncapital financing activities:			
Transfers in	-	-	-
Transfers out	-	(196,118)	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>(196,118)</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	(1,111,628)
Retirement of long-term debt	-	-	-
Interest paid	-	-	-
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,111,628)</u>
Cash flows from investing activities:			
Interest received	4,036	-	35,789
Increase (decrease) in the fair value of investment	-	-	(143,203)
Net cash provided by investing activities	<u>4,036</u>	<u>-</u>	<u>(107,414)</u>
Net increase (decrease) in cash and cash equivalents	(58,791)	744,017	(117,446)
Cash and cash equivalents - beginning	<u>798,188</u>	<u>2,289,433</u>	<u>7,048,637</u>
Cash and cash equivalents - ending (Includes restricted cash and investments)	<u>\$ 739,397</u>	<u>3,033,450</u>	<u>6,931,191</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (110,954)	846,881	(561,316)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	7,768	-	1,367,466
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	-	-	(41,610)
Decrease (increase) in inventory of supplies	546	-	88,383
Increase (decrease) in accounts payable	31,508	86,006	91,802
Increase (decrease) in compensated absences payable	1,237	(28,351)	74,871
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in postemployment benefits obligation	7,068	35,599	82,000
Net cash provided by (used for) operating activities	<u>\$ (62,827)</u>	<u>940,135</u>	<u>1,101,596</u>
Noncash investing, capital, and financing activities:			
Increase (decrease) in fair value of investments	<u>\$ -</u>	<u>-</u>	<u>(143,203)</u>

Liability and Property Insurance	Employee Group Insurance	Workers Compensation	Information and Communications Services	City Yard Operations
6,237,158	16,438,160	5,447,491	6,327,057	945,865
-	2,064,808	258,997	41,505	-
(4,204,321)	(17,996,099)	(5,872,357)	(3,824,292)	(286,908)
-	-	-	(296,982)	(631,837)
(281,478)	(704,176)	(698,506)	(1,448,592)	(56,463)
<u>1,751,359</u>	<u>(197,307)</u>	<u>(864,375)</u>	<u>798,696</u>	<u>(29,343)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(1,074,235)	-
-	-	-	(23,906)	-
-	-	-	(1,098,141)	-
134,873	12,007	106,566	65,565	730
(530,972)	-	(418,966)	(162,266)	-
<u>(396,099)</u>	<u>12,007</u>	<u>(312,400)</u>	<u>(96,701)</u>	<u>730</u>
1,355,260	(185,300)	(1,176,775)	(396,146)	(28,613)
25,703,358	3,065,076	20,246,194	12,583,594	185,500
<u>27,058,618</u>	<u>2,879,776</u>	<u>19,069,419</u>	<u>12,187,448</u>	<u>156,887</u>
1,565,500	(216,208)	(566,548)	39,550	(37,817)
-	-	-	778,923	16,471
571,975	(471.00)	-	-	-
-	-	-	-	-
(62,001)	(13,935)	(27,761)	(48,601)	(7,997)
43,239	4,094	7,834	(26,678)	-
(376,847)	-	(304,132)	-	-
9,493	29,213	26,232	55,502	-
<u>1,751,359</u>	<u>(197,307)</u>	<u>(864,375)</u>	<u>798,696</u>	<u>(29,343)</u>
<u>(530,972)</u>	<u>-</u>	<u>(418,966)</u>	<u>(162,266)</u>	<u>-</u>

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2013

	Engineering and Administrative Services	Quality Service Training	Total
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 6,686,238	-	\$ 53,362,839
Receipts from other operating sources	963,274	-	3,909,714
Payments to suppliers for goods and services	(2,902,416)	-	(40,277,719)
Payments for interfund services used	-	-	(2,024,296)
Payments to employees	(5,285,969)	-	(12,071,477)
Net cash provided by (used for) operating activities	<u>(538,873)</u>	<u>-</u>	<u>2,899,061</u>
Cash flows from noncapital financing activities:			
Transfers in	10,000	-	10,000
Transfers out	(305,302)	-	(501,420)
Net cash provided by (used for) noncapital financing activities	<u>(295,302)</u>	<u>-</u>	<u>(491,420)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(35,209)	-	(1,146,837)
Retirement of long-term debt	-	-	(1,074,235)
Interest paid	-	-	(23,906)
Net cash used for capital and related financing activities	<u>(35,209)</u>	<u>-</u>	<u>(2,244,978)</u>
Cash flows from investing activities:			
Interest received	6,175	2,092	367,833
Increase (decrease) in the fair value of investment	-	-	(1,255,407)
Net cash provided by investing activities	<u>6,175</u>	<u>2,092</u>	<u>(887,574)</u>
Net increase (decrease) in cash and cash equivalents	(863,209)	2,092	(724,911)
Cash and cash equivalents - beginning	<u>1,573,083</u>	<u>399,332</u>	<u>73,892,395</u>
Cash and cash equivalents - ending (Includes restricted cash and investments)	<u>\$ 709,874</u>	<u>401,424</u>	<u>\$ 73,167,484</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (536,375)	-	\$ 422,713
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	28,849	-	2,199,477
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(11,782)	-	518,112
Decrease (increase) in inventory of supplies	-	-	88,929
Increase (decrease) in accounts payable	11,814	-	60,835
Increase (decrease) in compensated absences payable	(207,538)	-	(131,292)
Increase (decrease) in claims payable	-	-	(680,979)
Increase (decrease) in postemployment benefits obligation	176,159	-	421,266
Net cash provided by (used for) operating activities	<u>\$ (538,873)</u>	<u>-</u>	<u>\$ 2,899,061</u>
Noncash investing, capital, and financing activities:			
Increase (decrease) in fair value of investments	<u>\$ -</u>	<u>-</u>	<u>\$ (1,255,407)</u>

Agency Funds

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

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

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

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

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

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

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

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

Agency Funds
Combining Statement of Fiduciary Net Position
June 30, 2013

	Payroll	Treasurer's Trust	Retirees Health Insurance Subsidy
Assets			
Cash and investments	\$ 8,903,816	4,082,845	1,425,958
Receivables:			
Loans and notes	-	-	-
Interest	56	181	1,122
Total assets	<u>\$ 8,903,872</u>	<u>4,083,026</u>	<u>1,427,080</u>
Liabilities			
Accounts payable	-	-	-
Notes payable	-	-	-
Due to City employees	\$ 3,570,577	-	1,427,080
Due to governmental agencies	5,333,295	4,083,026	-
Total liabilities	<u>\$ 8,903,872</u>	<u>4,083,026</u>	<u>1,427,080</u>
Net Position	<u>\$ -</u>	<u>-</u>	<u>-</u>

Housing Rehabilitation Loan Program	Transportation Corridor	TSIA Santa Ana- Tustin	School Districts' Trust	Total
-	10,860	13,449,636	858 \$	27,873,973
234,333	-	-	-	234,333
-	-	11,522	-	12,881
<u>234,333</u>	<u>10,860</u>	<u>13,461,158</u>	<u>858 \$</u>	<u>28,121,187</u>
-	10,860	7,582	-	18,442 \$
234,333	-	-	-	234,333
-	-	-	-	4,997,657
-	-	13,453,576	858	22,870,755
<u>234,333</u>	<u>10,860</u>	<u>13,461,158</u>	<u>858 \$</u>	<u>28,121,187</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>- \$</u>	<u>-</u>

Agency Funds
Combining Statement of Changes with Fiduciary Assets and Liabilities
Year ended June 30, 2013

	<u>Balance</u> <u>June 30,2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,2013</u>
PAYROLL FUND				
Assets				
Cash and investments	\$ 8,031,178	\$ 119,064,366	\$ 118,191,728	\$ 8,903,816
Interest receivable	61	56	61	56
Total assets	<u>\$ 8,031,239</u>	<u>\$ 119,064,422</u>	<u>\$ 118,191,789</u>	<u>\$ 8,903,872</u>
Liabilities				
Due to City employees	\$ 3,283,522	\$ 96,556,379	\$ 96,269,324	\$ 3,570,577
Due to governmental agencies	4,747,717	22,508,043	21,922,465	5,333,295
Total liabilities	<u>\$ 8,031,239</u>	<u>\$ 119,064,422</u>	<u>\$ 118,191,789</u>	<u>\$ 8,903,872</u>
TREASURER'S TRUST FUND				
Assets				
Cash and investments	\$ 4,392,494	\$ 5,309,506	\$ 5,619,155	\$ 4,082,845
Interest receivable	239	181	239	181
Total assets	<u>\$ 4,392,733</u>	<u>\$ 5,309,687</u>	<u>\$ 5,619,394</u>	<u>\$ 4,083,026</u>
Liabilities				
Accounts payable	\$ 43,110	\$ -	\$ 43,110	-
Due to governmental agencies	4,349,623	5,309,687	5,576,284	\$ 4,083,026
Total liabilities	<u>\$ 4,392,733</u>	<u>\$ 5,309,687</u>	<u>\$ 5,619,394</u>	<u>\$ 4,083,026</u>
RETIRES HEALTH INSURANCE SUBSIDY				
Assets				
Cash and investments	\$ 2,262,817	\$ 3,731,421	\$ 4,568,280	\$ 1,425,958
Notes receivable	700,000	700,000	1,400,000	-
Interest receivable	2,064	1,122	2,064	1,122
Total assets	<u>\$ 2,964,881</u>	<u>\$ 4,432,543</u>	<u>\$ 5,970,344</u>	<u>\$ 1,427,080</u>
Liabilities				
Due to city employees	\$ 2,964,881	\$ 4,432,543	\$ 5,970,344	\$ 1,427,080
Total liabilities	<u>\$ 2,964,881</u>	<u>\$ 4,432,543</u>	<u>\$ 5,970,344</u>	<u>\$ 1,427,080</u>

	<u>Balance</u> <u>June 30,2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,2013</u>
HOUSING REHABILITATION LOAN PROGRAM				
Assets				
Notes receivables	\$ 234,333	\$ -	\$ -	\$ 234,333
Total assets	<u>\$ 234,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,333</u>
Liabilities				
Notes payable	\$ 234,333	\$ -	\$ -	\$ 234,333
Total liabilities	<u>\$ 234,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,333</u>
TRANSPORTATION CORRIDOR FUND				
Assets				
Cash and investments	\$ 11,453	\$ 24,976	\$ 25,569	\$ 10,860
Total assets	<u>\$ 11,453</u>	<u>\$ 24,976</u>	<u>\$ 25,569</u>	<u>\$ 10,860</u>
Liabilities				
Accounts payable	\$ 11,453	\$ 24,976	\$ 25,569	\$ 10,860
Total liabilities	<u>\$ 11,453</u>	<u>\$ 24,976</u>	<u>\$ 25,569</u>	<u>\$ 10,860</u>
TRANSPORTATION SYSTEM IMPROVEMENT AUTHORITY SANTA-ANA - TUSTIN				
Assets				
Cash and investments	\$ 12,581,746	\$ 5,467,877	\$ 4,599,987	\$ 13,449,636
Interest receivable	11,333	11,522	11,333	11,522
Total assets	<u>\$ 12,593,079</u>	<u>\$ 5,479,399</u>	<u>\$ 4,611,320</u>	<u>\$ 13,461,158</u>
Liabilities				
Accounts payable	\$ -	\$ 7,582	\$ -	\$ 7,582
Due to governmental agencies	12,593,079	5,471,817	4,611,320	13,453,576
Total liabilities	<u>\$ 12,593,079</u>	<u>\$ 5,479,399</u>	<u>\$ 4,611,320</u>	<u>\$ 13,461,158</u>

(Continued)

Agency Funds
Combining Statement of Changes with Fiduciary Assets and Liabilities
Year ended June 30, 2013

	<u>Balance</u> <u>June 30,2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,2013</u>
SCHOOL DISTRICTS'				
TRUST FUND				
Assets				
Cash and investments	\$ 10,785,443	\$ 895,189	\$ 11,679,774	\$ 858
Interest receivable	4,849	-	4,849	-
Total assets	<u>\$ 10,790,292</u>	<u>\$ 895,189</u>	<u>\$ 11,684,623</u>	<u>\$ 858</u>
Liabilities				
Due to governmental agencies	\$ 10,790,292	\$ 895,189	\$ 11,684,623	\$ 858
Total liabilities	<u>\$ 10,790,292</u>	<u>\$ 895,189</u>	<u>\$ 11,684,623</u>	<u>\$ 858</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 38,065,131	\$ 134,493,335	\$ 144,684,493	\$ 27,873,973
Receivables:				
Loans and notes	934,333	700,000	1,400,000	234,333
Interest	18,546	12,881	18,546	12,881
Total assets	<u>\$ 39,018,010</u>	<u>\$ 135,206,216</u>	<u>\$ 146,103,039</u>	<u>\$ 28,121,187</u>
Liabilities				
Accounts payable	\$ 54,563	\$ 32,558	\$ 68,679	\$ 18,442
Notes payable	234,333	-	-	234,333
Due to City employees	6,248,403	100,988,922	102,239,668	4,997,657
Due to governmental agencies	32,480,711	34,184,736	43,794,692	22,870,755
Total liabilities	<u>\$ 39,018,010</u>	<u>\$ 135,206,216</u>	<u>\$ 146,103,039</u>	<u>\$ 28,121,187</u>

CITY OF SANTA ANA, CALIFORNIA

Statistical Section



STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. (Schedules 1 - 4)</i>	175
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. (Schedules 5 - 12)</i>	187
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. (Schedules 13 - 16)</i>	199
Demographic and Economic Information <i>This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. (Schedule 17)</i>	205
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. (Schedules 18 - 21)</i>	206

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

	Fiscal Year			
	2013	2012	2011	2010
Governmental Activities:				
Net investment in capital assets	\$ 800,141	\$ 787,634	\$ 767,746	\$ 723,057
Restricted	204,518	236,683	146,268	156,629
Unrestricted	56,582	23,756	26,574	15,155
Total governmental activities net position	<u>\$ 1,061,241</u>	<u>\$ 1,048,073</u>	<u>\$ 940,588</u>	<u>\$ 894,841</u>
Business-type activities:				
Net investment in capital assets	\$ 90,055	\$ 89,780	\$ 87,551	\$ 84,088
Restricted	3,315	2,322	1,186	956
Unrestricted	44,636	35,758	35,705	34,201
Total business-type activities net position	<u>\$ 138,006</u>	<u>\$ 127,860</u>	<u>\$ 124,442</u>	<u>\$ 119,245</u>
Primary government:				
Net investment in capital assets	\$ 890,196	\$ 877,414	\$ 855,297	\$ 807,145
Restricted	207,833	239,005	147,454	157,585
Unrestricted	101,218	59,514	62,279	49,356
Total primary government net position	<u>\$ 1,199,247</u>	<u>\$ 1,175,933</u>	<u>\$ 1,065,030</u>	<u>\$ 1,014,086</u>

Source: City of Santa Ana 2004 - 2013 CAFRS

SCHEDULE 1

Fiscal Year					
2009	2008	2007	2006	2005	2004
684,618 \$	650,254 \$	700,479 \$	658,414 \$	644,474 \$	646,755
182,938	185,518	117,988	164,332	144,464	147,433
5,165	(6,279)	(24,752)	(122,359)	(136,627)	(170,248)
<u>872,721 \$</u>	<u>829,493 \$</u>	<u>793,715 \$</u>	<u>700,387 \$</u>	<u>652,311 \$</u>	<u>623,940</u>
83,163 \$	79,764 \$	69,748 \$	39,031 \$	69,906 \$	69,554
7,014	4,111	2,846	9,579	9,066	8,948
24,745	20,385	28,270	15,774	12,877	10,917
<u>114,922 \$</u>	<u>104,260 \$</u>	<u>100,864 \$</u>	<u>64,384 \$</u>	<u>91,849 \$</u>	<u>89,419</u>
767,781 \$	730,018 \$	770,227 \$	727,445 \$	714,380 \$	716,309
189,952	189,629	120,834	173,911	153,530	156,381
29,910	14,106	3,518	(106,585)	(123,750)	(159,331)
<u>987,643 \$</u>	<u>933,753 \$</u>	<u>894,579 \$</u>	<u>794,771 \$</u>	<u>744,160 \$</u>	<u>713,359</u>

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

	Fiscal Year					Page 1 of 6
	2013	2012	2011	2010	2009	
Expenses:						
Governmental activities:						
General government (1)	\$ 14,628	\$ 11,364	\$ 12,333	\$ 15,227	\$ 20,456	
Cultural recreation and community services (2)	26,994	23,902	24,084	25,528	27,937	
Public safety (3) (5)	155,444	139,514	174,524	183,885	175,036	
Developmental services (4)	28,932	26,148	31,073	30,338	29,849	
Community development	55,016	77,219	58,735	68,150	53,598	
Pass-through payments to districts and other agencies	915	3,393	12,760	28,093 *	10,399 *	
County administrative charge	-	1,547	525	486 *	391 *	
Interest on long-term debt	7,027	8,669	14,664	16,828	16,580	
Total governmental activities expenses	<u>\$ 288,957</u>	<u>\$ 291,756</u>	<u>\$ 328,698</u>	<u>\$ 368,535</u>	<u>\$ 334,246</u>	
Business-type activities:						
Water	\$ 44,528	\$ 49,271	\$ 45,674	\$ 45,727	\$ 41,910	
Parking	2,756	2,963	2,631	2,824	2,767	
Refuse collections	16,122	16,024	15,339	16,716	13,205	
Transportation center	1,317	1,280	1,313	1,423	1,422	
Sewer	4,351	4,268	3,462	3,485	3,140	
Sanitation	7,913	8,417	8,403	8,072	7,781	
Federal clean water protection	1,780	1,637	2,359	2,210	2,217	
Total business-type expenses	<u>78,766</u>	<u>83,860</u>	<u>79,181</u>	<u>80,457</u>	<u>72,442</u>	
Total primary government expenses	<u>\$ 367,723</u>	<u>\$ 375,616</u>	<u>\$ 407,879</u>	<u>\$ 448,992</u>	<u>\$ 406,688</u>	

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

1. Includes Human Resources and Finance

2. Includes Museum and Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

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

Source: City of Santa Ana 2004 - 2013 CAFRS

SCHEDULE 2

Fiscal Year					Page 2 of 6
2008	2007	2006	2005	2004	
\$ 6,912	\$ 26,370	\$ 16,137	\$ 14,146	\$ 15,459	
24,057	28,956	23,406	21,766	26,325	
157,792	151,581	135,530	129,507	130,369	
44,289	29,698	16,735	27,439	26,225	
58,798	56,286	70,235	67,561	59,321	
9,341 *	8,786 *	9,238 *	6,399 *	4,049 *	
287 *	208 *	227 *	- *	- *	
<u>16,585</u>	<u>12,420</u>	<u>13,918</u>	<u>13,903</u>	<u>15,979</u>	
\$ <u>318,061</u>	\$ <u>314,305</u>	\$ <u>285,426</u>	\$ <u>280,721</u>	\$ <u>277,727</u>	
\$ 41,289	\$ 39,184	\$ 34,609	\$ 35,671	\$ 32,530	
2,973	2,898	2,949	2,952	2,663	
13,345	12,978	13,316	12,126	11,784	
1,282	1,303	1,342	1,256	1,518	
3,313	3,084	2,818	2,373	2,157	
7,641	7,252	8,212	7,615	7,518	
2,585	2,798	1,944	1,853	1,327	
<u>72,428</u>	<u>69,497</u>	<u>65,190</u>	<u>63,846</u>	<u>59,497</u>	
\$ <u><u>390,489</u></u>	\$ <u><u>383,802</u></u>	\$ <u><u>350,616</u></u>	\$ <u><u>344,567</u></u>	\$ <u><u>337,224</u></u>	

Continued

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

	Fiscal Year					Page 3 of 6
	2013	2012	2011	2010	2009	
Program revenues:						
Governmental activities:						
Charges for services:						
General government (1)	\$ 4,322	\$ 5,687	\$ 5,912	\$ 4,659	\$ 5,482	
Cultural recreation and community services (2)	3,311	3,088	2,595	3,231	2,598	
Public safety (3) (5)	25,652	27,554	29,171	25,370	20,844	
Developmental services (4)	16,752	18,633	17,186	15,707	13,833	
Community development	1,447	28,003	4,688	6,321	8,694	
Operating grants and contributions	64,700	75,051	87,080	99,887	72,232	
Capital grants and contributions	29,214	37,001	32,910	37,218	38,694	
Total governmental activities program revenues	\$ 145,398	\$ 195,017	\$ 179,542	\$ 192,393	\$ 162,377	
Business-type activities:						
Charges for services:						
Water	\$ 51,339	\$ 49,482	\$ 47,783	\$ 48,782	\$ 47,338	
Parking	4,744	4,445	3,733	4,287	4,274	
Refuse collections	16,650	16,261	16,218	14,988	8,615	
Transportation center	869	789	970	1,233	1,026	
Sewer	4,939	4,783	4,679	4,816	4,522	
Sanitation	7,931	7,967	8,002	7,946	8,091	
Federal clean water protection	2,740	2,733	2,552	2,474	2,384	
Operating grants and contributions	22	666	295	-	6,442	
Capital grants and contributions	-	-	-	-	-	
Total business-type activities Program revenues	89,234	87,126	84,232	84,526	82,692	
Total primary government Program revenues	\$ 234,632	\$ 282,143	\$ 263,774	\$ 276,919	\$ 245,069	
Net (expense) revenue						
Governmental activities	(143,559)	(96,739)	(149,156)	(176,142)	(171,869)	
Business-type activities	10,468	3,266	5,051	4,069	10,250	
Total primary government net (expense) revenue	\$ (133,091)	\$ (93,473)	\$ (144,105)	\$ (172,073)	\$ (161,619)	

SCHEDULE 2

Fiscal Year					Page 4 of 6
2008	2007	2006	2005	2004	
\$ 4,076	\$ 3,857	\$ 4,673	\$ 6,028	\$ 5,221	
1,569	2,649	5,515	3,847	2,382	
17,642	17,959	19,486	21,468	21,385	
10,591	12,214	11,299	7,586	7,828	
418	1,733	3,867	5,035	893	
61,202	71,352	62,431	67,327	57,317	
<u>37,448</u>	<u>54,166</u>	<u>27,749</u>	<u>12,990</u>	<u>21,333</u>	
\$ 132,946	\$ 163,930	\$ 135,020	\$ 124,281	\$ 116,359	
\$ 42,574	\$ 42,233	\$ 38,401	\$ 35,991	\$ 35,040	
3,757	4,105	3,639	3,115	3,439	
8,111	7,877	7,647	7,389	7,252	
850	724	905	720	1,252	
3,610	3,422	2,684	2,318	2,344	
7,831	7,922	7,948	7,926	7,746	
2,340	2,389	2,725	2,041	1,941	
6,185	6,082	6,225	5,721	5,525	
-	-	-	-	714	
<u>75,258</u>	<u>74,754</u>	<u>70,174</u>	<u>65,221</u>	<u>65,253</u>	
\$ <u>208,204</u>	\$ <u>238,684</u>	\$ <u>205,194</u>	\$ <u>189,502</u>	\$ <u>181,612</u>	
(185,115)	(150,375)	(150,406)	(156,440)	(161,368)	
<u>2,830</u>	<u>5,257</u>	<u>4,984</u>	<u>1,375</u>	<u>5,756</u>	
\$ <u>(182,285)</u>	\$ <u>(145,118)</u>	\$ <u>(145,422)</u>	\$ <u>(155,065)</u>	\$ <u>(155,612)</u>	

Continued

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

	Fiscal Year				Page 5 of 6
	2013	2012	2011	2010	2009
General revenues and other changes in net position					
Governmental activities:					
Net program revenue (expense):					
General government (1)	\$ (8,544)	\$ (5,677)	\$ (6,421)	\$ (7,033)	\$ (10,791)
Cultural recreation and					
Public safety (3) (5)	(19,364)	(17,943)	(15,937)	(12,613)	(19,708)
Developmental services (4)	(116,788)	(93,460)	(129,423)	(137,118)	(137,103)
Community development	16,292	31,379	27,685	27,200	22,104
Pass-through payments to districts and other agencies	(7,213)	2,572	2,889	(1,170)	999
County administrative charge	(915)	(3,393)	(12,760)	(28,093)	(10,399)
Interest on long-term debt	-	(1,547)	(525)	(486)	(391)
Interest on long-term debt	(7,027)	(8,669)	(14,664)	(16,828)	(16,580)
General revenues:					
Property taxes	62,347	87,189	103,610	108,001 *	117,756 *
Sales Taxes	40,978	38,744	37,409	34,496	39,699
Hotels visitors' taxes	7,490	7,024	5,970	5,650	6,149
Utility users taxes	24,415	24,367	25,328	26,097	27,693
Business taxes	10,671	10,317	10,380	9,944	10,027
Franchise taxes	9,001	7,460	7,562	7,777	5,866
Other taxes	962	1,401	1,176	1,090	1,500
Intergovernmental, unrestricted	833	466	1,934	1,255	1,202
Investment income	(1,292)	951	869	2,862	4,613
Other revenues	617	863	665	1,089	543
Transfers	-	-	-	-	50
Extraordinary gain	705	25,440	-	-	-
Total Governmental activities	<u>13,168</u>	<u>107,485</u>	<u>45,747</u>	<u>22,120</u>	<u>43,229</u>
Business-type activities:					
Water	6,811	601	2,195	3,055	5,428
Parking	1,988	1,483	1,102	1,463	1,506
Refuse collections	551	513	1,089	(1,728)	1,852
Transportation center	(448)	(491)	(344)	(191)	(395)
Sewer	588	514	1,217	1,332	1,382
Sanitation	18	(450)	(401)	(126)	309
Federal clean water protection	960	1,096	193	263	167
General revenues:					
Investment income	(322)	152	146	255	463
Transfers	-	-	-	-	(50)
Total business-type activities	<u>10,146</u>	<u>3,418</u>	<u>5,197</u>	<u>4,323</u>	<u>10,662</u>
Total primary government	<u>23,314</u>	<u>110,903</u>	<u>50,944</u>	<u>26,443</u>	<u>53,891</u>
Changes in net position					
Governmental activities					
Business-type activities	13,168	107,485	45,747	22,120	43,229
Total primary government	10,146	3,418	5,197	4,323	10,662
	<u>\$ 23,314</u>	<u>\$ 110,903</u>	<u>\$ 50,944</u>	<u>\$ 26,443</u>	<u>\$ 53,891</u>

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

SCHEDULE 2

		Fiscal Year			Page 6 of 6
2008	2007	2006	2005	2004	
\$ (1,801)	\$ (20,737)	\$ (11,086)	\$ (11,086)	\$ (9,627)	
(15,476)	(21,398)	(11,366)	(11,366)	(18,111)	
(133,106)	(116,787)	(103,069)	(103,069)	(105,523)	
3,717	36,457	19,210	19,210	8,671	
(12,019)	(6,309)	(20,713)	(20,713)	(16,749)	
(9,341)	(8,786)	(9,238)	(6,399)	(4,049)	
(287)	(208)	(227)	-	-	
(16,585)	(12,420)	(139,189)	(13,918)	(15,979)	
112,967	103,306 *	92,089 *	81,273 *	60,389 *	
46,421 *	46,770	45,094	43,973	41,865	
7,714	7,442	7,187	5,470	4,656	
28,112	28,327	27,565	26,666	25,874	
10,444	10,019	9,829	8,180	7,792	
5,618	5,293	7,107	5,673	5,422	
1,837	3,242	5,188	2,174	3,352	
1,672	2,174	2,904	7,726	15,905	
5,219	7,505	7,468	7,085	4,572	
389	825	310	323	285	
128	-	200	(581)	7	
-	-	-	-	-	
<u>35,623</u>	<u>64,715</u>	<u>(70,737)</u>	<u>40,621</u>	<u>8,752</u>	
1,285	3,050	792	321	2,511	
785	1,206	690	787	1,147	
950	981	556	359	622	
(433)	(579)	(437)	(536)	(266)	
297	338	(134)	(54)	902	
190	670	(264)	311	227	
(245)	(409)	781	188	614	
850	1,223	803	473	281	
(128)	-	(200)	581	(7)	
<u>3,551</u>	<u>6,480</u>	<u>2,587</u>	<u>2,430</u>	<u>6,031</u>	
<u>39,174</u>	<u>71,195</u>	<u>(68,150)</u>	<u>43,051</u>	<u>14,783</u>	
35,623	64,715	54,534	40,621	8,752	
3,551	6,480	2,587	2,430	6,031	
<u>\$ 39,174</u>	<u>\$ 71,195</u>	<u>\$ 57,121</u>	<u>\$ 43,051</u>	<u>\$ 14,783</u>	

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

	Fiscal Year		
	2013	2012	2011
General Fund			
Reserved	\$ -	\$ -	\$ -
Nonspendable	3,267	-	-
Committed	-	-	1,314
Assigned	5,424	4,661	2,987
Unreserved	-	-	-
Unassigned	30,688	19,335	6,673
Total General Fund	\$ 39,379	\$ 23,996	\$ 10,974
All Other Governmental Funds			
Reserved	\$ -	\$ -	\$ -
Nonspendable	3,661	3,652	3,652
Restricted	93,553	110,606	196,182
Subsequent year's budget: appropriation of fund balance	-	-	-
Unassigned:			
Special Revenue Grants	(630)	(1,661)	(2,191)
Capital Projects	(936)	(955)	(600)
Debt Services	-	-	-
Total all other governmental funds	\$ 95,648	\$ 111,642	\$ 197,043

Source: City of Santa Ana 2004 - 2013 CAFRS

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

SCHEDULE 3

Fiscal Year						
2010*	2009	2008	2007	2006	2005	2004
\$ -	\$ 5,243	\$ 3,945	\$ 4,361	\$ 9,459	\$ 5,577	\$ 7,659
-	-	-	-	-	-	-
5,509	-	-	-	-	-	-
-	-	-	-	-	-	-
-	11,093	32,183	36,438	42,890	32,679	12,422
2,962	-	-	-	-	-	-
<u>\$ 8,471</u>	<u>\$ 16,336</u>	<u>\$ 36,128</u>	<u>\$ 40,799</u>	<u>\$ 52,349</u>	<u>\$ 38,256</u>	<u>\$ 20,081</u>
\$ -	\$ 142,939	\$ 113,693	\$ 85,460	\$ 80,941	\$ 93,205	\$ 101,638
12,354	-	-	-	-	-	-
247,124	-	-	-	-	-	-
3,831	-	-	-	-	-	-
(86)	63,681	77,705	16,893	10,061	5,918	10,030
(925)	10,721	11,875	28,538	23,085	15,305	9,931
(68,330)	-	-	-	-	-	-
<u>\$ 193,968</u>	<u>\$ 217,341</u>	<u>\$ 203,273</u>	<u>\$ 130,891</u>	<u>\$ 114,087</u>	<u>\$ 114,428</u>	<u>\$ 121,599</u>

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

	Fiscal Year			
	2013	2012	2011	2010
Revenues:				
Taxes	\$ 156,008	176,503	\$ 191,434	\$ 193,055
License and permits	4,043	3,948	3,806	2,845
Intergovernmental	88,411	108,638	121,924	128,240
Charges for services	8,752	11,021	9,899	10,147
Fines and forfeits	6,935	6,930	7,902	6,435
Investment income	(396)	1,163	1,355	2,072
Gain on sale of land held for resale	-	273	238	-
Miscellaneous	35,541	36,985	39,280	44,368
Total revenues	<u>299,294</u>	<u>345,461</u>	<u>375,838</u>	<u>387,162</u>
Expenditures:				
General government (1)	12,494	10,155	10,782	11,745
Cultural recreation and community services (2)	23,762	21,138	21,205	23,629
Public safety (3)	150,723	169,504	164,203	177,346
Developmental services (4)	17,565	15,575	19,763	19,716
Community development	55,359	82,114	71,413	67,454
Capital outlay	25,378	30,067	58,488	56,481
Debt service:				
Principal retirement	6,865	9,001	14,244	12,485
Interest and fiscal charges	8,471	11,940	17,543	20,769
Cost of issuance and other bond charges	-	-	778	28,594
Total expenditures	<u>300,617</u>	<u>349,493</u>	<u>378,419</u>	<u>418,219</u>
Excess (deficiency) of revenues over (under) expenditures	(1,323)	(4,032)	(2,581)	(31,057)
Other Financing Sources (uses):				
Transfers in	11,826	103,691	55,970	68,438
Transfers out	(11,115)	(90,149)	(54,377)	(68,619)
Bond premium	-	-	-	-
Bond discount	-	-	(374)	-
Capital lease agreement	-	-	-	-
Loan proceeds	-	-	-	-
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>711</u>	<u>13,542</u>	<u>8,159</u>	<u>(181)</u>
Extraordinary gain (loss)	-	(81,889)	-	-
Net change in fund balance	<u>(612)</u>	<u>(72,379)</u>	<u>\$ 5,578</u>	<u>\$ (31,238)</u>
Debt service as a percent of noncapital expenditures	5.6%	6.6%	9.9%	9.2%

Source: City of Santa Ana 2004 - 2013 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						
2009	2008	2007	2006	2005	2004	
\$ 205,817	\$ 210,242	\$ 201,155	\$ 190,891	\$ 173,009	\$ 149,350	
3,485	3,321	3,488	4,172	3,822	3,853	
109,186	89,337	128,046	87,718	85,023	94,229	
9,161	13,643	10,878	16,280	13,570	11,960	
7,332	7,645	5,891	5,911	5,005	3,943	
11,504	13,568	27,458	29,696	26,203	23,002	
-	350	-	-	-	-	
39,359	35,050	13,242	15,487	9,111	8,798	
<u>385,844</u>	<u>373,156</u>	<u>390,158</u>	<u>350,155</u>	<u>315,743</u>	<u>295,135</u>	
20,300	16,497	19,152	15,022	13,107	11,796	
26,883	28,176	28,264	24,636	22,917	21,370	
173,793	160,806	156,930	141,660	134,747	120,150	
22,022	23,134	20,032	17,769	15,493	17,363	
53,439	55,330	40,225	40,968	43,220	39,551	
46,819	41,769	77,665	48,385	40,708	40,801	
12,791	11,154	11,614	11,350	9,641	7,429	
20,992	20,430	19,384	20,142	21,518	21,596	
11,738	11,503	8,993	9,465	6,397	4,787	
<u>388,777</u>	<u>368,799</u>	<u>382,259</u>	<u>329,397</u>	<u>307,748</u>	<u>284,843</u>	
(2,933)	4,357	7,899	20,758	7,995	10,292	
65,647	57,400	39,411	67,313	67,470	58,988	
(69,137)	(61,025)	(42,582)	(69,597)	(64,461)	(59,094)	
-	-	-	-	-	2,383	
-	-	-	-	-	-	
-	-	526	-	-	-	
700	-	-	-	-	-	
-	-	-	-	-	(40,535)	
-	68,010	-	-	-	-	
-	(1,032)	-	-	-	38,845	
-	-	-	-	-	335	
<u>(2,790)</u>	<u>63,353</u>	<u>(2,645)</u>	<u>(2,284)</u>	<u>3,009</u>	<u>922</u>	
-	-	-	-	-	-	
\$ (5,723)	\$ 67,710	\$ 5,254	\$ 18,474	\$ 11,004	\$ 11,214	
9.9%	9.7%	10.2%	11.2%	11.7%	11.9%	

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

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

SCHEDULE 5

Dissolved Redevelopment Agency					
Secured	Unsecured	Less: Exemptions ¹	Taxable Assessed Value	Total Direct Tax Rate ²	
\$ 5,612,900	\$ 991,788	\$ (6,027)	\$ 6,598,661	1.1134	
5,499,129	1,014,608	(6,088)	6,507,649	1.1066	
5,508,301	1,030,585	(6,124)	6,532,762	1.1068	
5,861,379	1,147,376	(5,924)	7,002,831	1.1055	
5,802,723	1,135,087	(5,827)	6,931,983	1.0590	
5,204,255	1,077,781	(5,980)	6,276,056	1.0641	
3,915,380	1,002,201	(4,456)	4,913,125	1.0630	
3,957,501	909,681	(3,242)	4,863,940	1.0656	
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 Ten Fiscal Years
(Code Area 11-003)**

	2013	2012	2011	2010
City direct rates:				
City basic rate	(2)	(2)	(2)	(2)
Redevelopment agency				
Total City direct rate	-	-	-	-
Overlapping Rates:				
Santa Ana Unified School				
District bonds	0.07749	0.07147	0.07167	0.07388
Rancho Santiago Community				
College District bonds	0.03241	0.03146	0.03141	0.02735
Metropolitan Water District	0.00350	0.00370	0.00370	0.00430
County of Orange	1.00000	1.00000	1.00000	1.00000
Total direct rate	<u>1.11340</u>	<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.

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 *
2013	\$ 28,633,536	\$ 28,286,767	98.8%	\$ 271,597	\$ 28,558,364	99.7%
2012	28,167,014	27,732,887	98.5%	394,398	28,127,285	99.9%
2011	27,822,469	27,343,618	98.3%	421,347	27,764,965	99.8%
2010	28,081,259	27,424,429	97.7%	76,711	27,501,140	97.9%
2009	31,259,324	30,127,022	96.4%	470,972	30,597,994	97.9%
2008	31,693,492	30,461,410	96.1%	1,215,444	31,676,854	99.9%
2007	29,479,693	26,578,304	90.2%	1,824,367	28,402,671	96.3%
2006	28,514,594	24,929,393	87.4%	971,194	25,900,587	90.8%
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%

Source: County of Orange Auditor-Controller's Office

SCHEDULE 8

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

Category	Fiscal Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Retail	\$ 34,999	33,824	32,722	32,467	35,097	39,163	40,425	40,966	39,059
Business to Business	27,917	27,003	27,500	28,838	35,293	37,484	40,034	38,206	38,719
Transportation	36,590	34,379	31,641	28,414	32,835	36,254	36,901	35,862	34,188
Food Products	23,428	22,040	20,797	20,283	21,654	22,867	22,402	21,875	20,967
Construction	16,171	15,005	14,239	14,305	17,661	20,820	21,621	20,147	18,342
Miscellaneous ¹	1,605	1,510	1,428	1,548	1,997	1,735	1,703	1,655	1,059
Total	\$ 140,708	133,762	128,327	125,855	144,536	158,323	163,086	158,711	152,334

1. Miscellaneous category includes health & government

The County of Orange has a 8.00% 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 2013

Principal Property Tax Remitters	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Main Place Shoppingtown	\$ 222,707,045	1	1.10%
Essex Skyline Holdings RP	131,151,146	2	0.65%
First American Title	122,561,371	3	0.61%
Realty Associates Fund	104,493,653	4	0.52%
AG/LPC Griffin Towers LP	92,351,390	5	0.46%
Freedom Newspapers Inc	81,214,095	6	0.40%
Lapco Industrial Parks	67,477,890	7	0.33%
Bel Santa Ana LLC	63,418,500	8	0.31%
Prime SCRC LP	62,799,666	9	0.31%
Birtcher Anderson Investors	61,867,180	10	0.31%
Total	\$ <u>1,010,041,936</u>		<u>5.00%</u>

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			
	2013	2012	2011	2010
Type of Customer				
Residential	8,191,888.8	8,054,021.9	8,017,322.1	8,084,666.0
Commercial	2,257,527.6	2,203,292.3	2,174,889.3	2,158,521.6
Industrial	801,654.8	761,203.7	725,834.5	710,905.9
Wholesale food	114,953.4	113,081.9	110,922.4	106,531.7
Government	352,676.0	350,978.8	325,890.9	316,262.6
Others ¹	508,589.9	485,600.9	489,859.2	515,525.3
Total	12,227,290.5	11,968,179.5	11,844,718.4	11,892,413.1
Total direct rate per 44 units ²	\$ 2.727	\$ 2.727	\$ 2.673	\$ 2.673

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.

SCHEDULE 10

Fiscal Year					
2009	2008	2007	2006	2005	2004
9,775,959.9	9,116,657.7	9,696,685.3	9,221,423.3	9,477,817.4	9,825,891.1
2,772,523.9	2,751,669.8	2,955,599.3	2,895,335.2	2,767,566.3	2,756,922.3
996,097.7	965,694.2	1,089,224.9	971,067.8	994,549.0	1,089,612.3
115,519.1	110,642.7	117,391.9	124,716.3	129,422.0	135,905.6
218,620.8	116,565.3	122,765.5	102,283.7	319,429.7	344,377.7
655,178.0	548,450.8	572,328.5	481,370.2	504,001.7	532,953.0
<u>14,533,899.4</u>	<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>
\$ 2.284	\$ 2.085	\$ 1.871	\$ 1.760	\$ 1.608	\$ 1.452

**Water Rates
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Monthly base Rate ¹	Rate per 44 Units ²
2013	\$ 7.00	2.73
2012	7.00	2.73
2011	7.00	2.67
2010	7.00	2.67
2009	7.00	2.28
2008	7.00	2.09
2007	7.00	1.87
2006	7.00	1.76
2005	7.00	1.61
2004	7.00	1.45

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.

**Principal Water Customers
Fiscal Year 2013**

Water Customer	2013	
	Taxable Water Charges	Percentage of Total Water Revenues
Chroma Systems	\$ 322,081	0.66%
Adohr Farms Inc	274,383	0.56%
Fairview Villas	199,453	0.41%
Power Circuits Inc.	217,053	0.44%
County of Orange	174,628	0.36%
Warwick Square Assoc. Inc.	144,487	0.29%
Far West Management Corp	139,055	0.28%
Town Square Owners	135,096	0.28%
County of Orange	144,769	0.30%
County of Orange	140,597	0.29%
Total	\$ 1,891,602	3.87%

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⁺
Last Ten Fiscal Years
(Net of Deferred Amount on Refunding & Bond Discount/Premium)

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

SCHEDULE 13

Private-purpose Trust Activities						
Fiscal Year Ended June 30		Tax Allocation Bonds		Tax Allocation Refunding Bonds		Long Term Loans
2013	\$	83,170,000	\$	16,761,045	\$	6,220,687
2012		83,730,000		18,707,750		6,220,687
2011		-		-		-
2010		-		-		-
2009		-		-		-
2008		-		-		-
2007		-		-		-
2006		-		-		-
2005		-		-		-
2004		-		-		-
Total						
Fiscal Year Ended June 30		Total Primary Government		Percentage of Personal Income ²		Debt Per Capita ²
2013	\$	268,529,344	\$	0.17%	\$	5,116
2012		282,310,784		0.18%		5,597
2011		294,149,021		0.20%		6,033
2010		303,990,122		0.21%		6,252
2009		318,871,297		0.20%		6,048
2008		332,965,058		0.22%		6,361
2007		276,067,997		0.18%		5,375
2006		292,518,636		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 - 2013 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			
	2013	2012	2011	2010
Debt limit	\$ 508,494,478	\$ 502,521,612	\$ 497,207,207	\$ 512,795,676
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ <u>508,494,478</u>	\$ <u>502,521,612</u>	\$ <u>497,207,207</u>	\$ <u>512,795,676</u>

Legal Debt Margin Calculation for Fiscal Year 2013:

Assessed value	\$ 20,339,779,135
Debt Limit (2.5 percent of assessed value) ¹	<u>508,494,478</u>
Debt applicable to limit:	
General obligation bonds	None
Legal debt margin	\$ <u>508,494,478</u>

Source: County of Orange Auditor-Controller's Office

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

SCHEDULE 14

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 548,286,091	\$ 529,602,908	\$ 488,986,777	\$ 436,374,410	\$ 333,262,607	\$ 280,586,375
-	-	-	-	-	-
<u>\$ 548,286,091</u>	<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>

Direct and Overlapping Debt Fiscal Year 2013

<u>City of Santa Ana</u>			
2012-13 Assessed Valuation:	\$	20,339,779,135	
		Total Debt	City's Share of
<u>Overlapping Tax and Assessment Debt:</u>		6/30/13	Debt 06/30/13
Metropolitan Water District	\$	165,085,000	0.966 \$ 1,594,721
Coast Community College District		648,598,698	0.250 1,621,497
Rancho Santiago Community College District		293,246,944	31.334 91,885,997
Garden Grove Unified School District		127,000,160	11.432 14,518,658
Santa Ana Unified School District		296,779,272	62.466 185,386,140
Tustin Unified School District Facilities Improvement District No 2002-1		55,441,785	13.463 7,464,128
Tustin Unified School District Facilities Improvement District No 2008-1		72,725,000	13.785 10,025,141
Tustin Unified School District Facilities Improvement District No 2012-1		35,000,000	9.164 3,207,400
Total Overlapping Tax and Assessment Debt:	\$		<u>315,703,682</u>
<u>Direct Governmental Fund Debt (Net of Deferred Amount on Refunding & Bond Discount/Premium):</u>			
City of Santa Ana Governmental Fund Obligations			
Police Administration & Holding Facility Series 1994A / 20		67,093,997	71,778,997
City Hall Expansion Project		8,415,000	8,415,000
Refunding Series 2003A		3,939,865	3,939,865
2007 Local Street Improvement Projects		9,270,000	63,617,547
Energy Conservation Capital Lease			166,487
Long-Term Loans & Other Payable			352,396
Total Gross Direct Governmental Fund Debt		88,718,862	167.124 148,270,292
Less: City of Santa Ana Certificate of Participation supported by parking revenues			3,939,865
Total Net Direct Governmental Fund Debt	\$		<u>144,330,427</u>
<u>Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	\$	190,546,000	4.754% \$ 9,058,557
Orange County Pension Fund Obligations		306,287,244	4.754 14,560,896
Orange County Board of Education Certificates of Participation		15,770,000	4.754 749,706
Orange Unified School District Benefit Obligations		88,265,000	2.805 2,475,833
Orange Unified School District Certificates of Participation		35,573,644	2.805 997,841
Santa Ana Unified School District Certificates of Participation		48,885,880	62.466 30,537,054
Total Overlapping General Fund Debt	\$		<u>58,379,887</u>
Total Gross Direct and Overlapping General Fund Debt			206,650,179
Total Net Direct and Overlapping General Fund Debt	\$		202,710,314
<u>Overlapping Tax Increment Debt:</u>	\$	106,151,732	99.998-100.% \$ 106,151,063
Total Gross Overlapping Debt	\$		480,234,632
Total Net Overlapping Debt	\$		480,234,632
Gross Combined Total Debt	\$		628,504,924 (2)
Net Combined Total Debt	\$		624,565,059

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.55%
Gross Total Direct Debt (\$148,270,292).....	0.73%
Net Total Direct Debt (\$144,330,427).....	0.71%
Gross Combined Total Debt.....	3.09%
Net Combined Total Debt.....	3.07%

Ratios to Redevelopment Incremental Valuation (\$5,343,328,027):

Total Overlapping Tax Increment Debt.....	1.99%
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SCHEDULE 16

**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	
2013	\$ 51,339	\$ 41,557	\$ 9,782	880	638	6.44
2012	49,482	46,197	3,285	855	664	2.16
2011	47,783	44,917	2,866	830	688	1.89
2010	48,782	42,542	6,240	810	708	4.11
2009	47,338	38,734	8,604	790	729	5.67
2008	42,574	38,356	4,218	770	749	2.78
2007	42,233	36,327	5,906	750	767	3.89
2006	38,401	32,810	5,591	740	783	3.67
2005	35,992	32,846	3,146	455	1,069	2.06
2004	35,040	29,500	5,540	435	1,093	3.63

Source: City of Santa Ana 2004 - 2013 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.

Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2012*	329,915	\$ 161,899,958	\$ 52,485	7.6%
2011	327,731	154,131,535	50,440	8.8%
2010	324,528	147,138,449	48,760	9.5%
2009	357,754	145,247,447	48,624	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

* 2012 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.

**Principal Employers
Fiscal Year 2013**

<u>Employer</u>	2013	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
County of Orange	17,447	10.7%
Santa Ana Unified School District	4,665	2.9%
Santa Ana College	2,390	1.5%
Integrated Healthcare Holdings	1,932	1.2%
City of Santa Ana	1,500	0.9%
Corinthian Colleges Inc	1,400	0.9%
First American Financial	1,215	0.7%
Orange County Register (Freedom Communications)	1,100	0.7%
Ingram Micro	985	0.6%
Abbott Medical Optics Inc	750	0.5%

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

Source: MuniServices, LLC

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

Function	Full-Time and Part-time Employees as of June 30			
	2013	2012	2011	2010
General government (1)	164	165	178	192
Cultural recreation and community services (2)	401	390	396	395
Public safety (3) (5)	635	654	877	896
Developmental services (4)	223	222	256	246
Community development	69	74	90	94
Total	1,492	1,505	1,797	1,823

1. Includes Human Resources and Finance

2. Includes Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

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

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

SCHEDULE 19

Full-Time and Part-time Employees as of June 30					
2009	2008	2007	2006	2005	2004
203	232	229	218	211	216
404	459	462	360	369	386
934	973	963	939	919	981
281	326	311	294	303	308
111	121	122	118	132	138
<u>1,933</u>	<u>2,111</u>	<u>2,087</u>	<u>1,929</u>	<u>1,934</u>	<u>2,029</u>

Operating Indicators by Function Last Eight Fiscal Years

	2013	2012	2011
Police:			
Physical arrests	12,100	6,456	11,645
Parking citations issued	72,129	36,709	82,737
Traffic citations issued	10,210	6,816	12,873
Responses to 911 calls	168,362	90,644	150,057
Fire:			
Number of emergency calls-SAFD	-	14,817	18,360
Number of emergency calls-OCFA	18,961	4,024	N/A
Inspections-SAFD	N/A	2,890	4,931
Inspections-OCFA	1,075	-	N/A
Public Works:			
Streets:			
-Street resurfacing (miles)	-	-	-
-Pot holes repaired	20,400	24,500	23,750
Sanitation:			
-Refuse collected (tons/year) *	N/A	N/A	N/A
-Recyclables collected (tons/year) *	N/A	N/A	N/A
Refuse collected (tons/year)			
-Goal: Max lbs refuse disposed/person *	8	8	8
-Actual: lbs refuse disposed/person *	5	5	5
Water:			
-New connections	36	61	22
-Water mains breaks	15	25	35
-Average daily consumption (thousands of gallons)	35,000	34,000	33,400
Parks, recreation and community services:			
Athletic field permits issued	10,773	9,229	8,781
Number of recreation classes (subjects)	496	186	172
Number of facility rentals	1,466	2,872	2,722
Planning and Building:			
Number of building permits issued	2,417	2,347	2,355
Number of plan checks	3,147	2,220	1,561
Number of inspections	19,813	21,077	24,185
Number of demolition building permits	12	43	27
Value of construction (in thousands):			
-Commercial and industrial construction	22,255	9,564	12,278
-Residential construction	33,918	30,744	11,695
-Other additions and alterations	88,436	76,961	73,671

* 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.

SCHEDULE 20

2010	2009	2008	2007	2006
11,313	12,975	13,841	12,450	12,219
87,827	94,792	103,817	103,383	95,299
17,989	20,154	26,233	42,995	34,028
24,986	25,009	25,616	24,671	22,301
17,808	17,859	10,645	18,215	19,960
N/A	N/A	N/A	N/A	-
5,124	3,985	2,033	4,026	4,106
N/A	N/A	N/A	N/A	N/A
-	94	10	2	1
25,000	25,000	27,440	28,500	26,570
N/A	N/A	1,025,000	1,025,000	970,000
N/A	N/A	620,000	600,000	580,000
8	8	N/A	N/A	N/A
5	5	N/A	N/A	N/A
35	52	89	147	107
41	19	21	27	13
34,900	36,700	38,400	83,000	42,000
8,890	9,871	9,139	8,659	9,855
151	158	127	104	91
3,014	3,335	3,002	2,691	1,812
2,032	2,215	3,112	3,868	4,581
1,405	1,571	2,672	3,221	2,574
23,168	39,147	48,687	42,308	41,659
17	12	42	45	48
2,544	6,571	14,069	15,031	7,374
1,408	951	7,170	22,007	122,060
55,008	43,132	69,403	64,773	93,717

Capital Assets Statistics by Function Last Eight Fiscal Years

	2013	2012	2011
Police:			
Stations	3	3	2
Fire:			
Fire stations	10	10	10
Public Works:			
Street (miles)	422	422	421
Streetlights	1,822	1,805	1,789
Traffic Signals	297	297	292
Parks, Recreation and community services			
Number of parks	41	35	35
Number of libraries	2	2	2
Number of recreation facilities	18	17	17
Number of municipal swimming pools	5	5	5
Number of municipal tennis centers	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS
Number of miles of bike trails	13	11	11
Water:			
Water mains (miles)	480	481	478
Maximum daily capacity (thousands of gallons)	146,000	146,000	146,000
Number of water wells	20	20	20
Number of reservoirs	10	10	10
Number of hydrants	4,815	4,815	4,812
Sewer:			
Sewer mains (miles)	390	390	390

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.

SCHEDULE 21

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



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CALIFORNIA

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