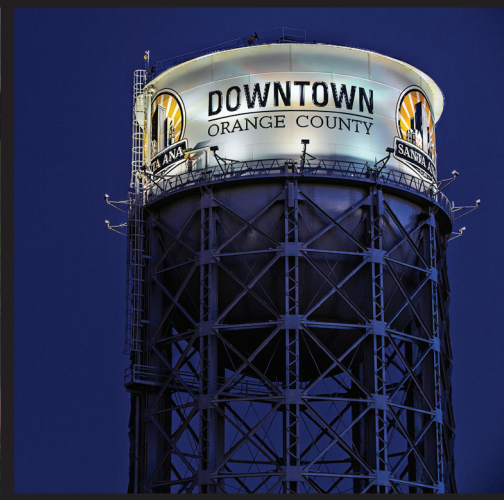


2014

CITY OF
SANTA ANA, CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



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



CITY OF SANTA ANA, CALIFORNIA

2014
Comprehensive Annual
Financial Report

For the Fiscal Year Ended June 30, 2014

Prepared by
Finance & Management Services Agency

Francisco Gutierrez
Executive Director



Comprehensive Annual Financial Report

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CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

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
www.santa-ana.org

December 11, 2014

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, 2014. State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed independent certified public accountants.

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

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

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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Roman Reyna
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for the fiscal year ended June 30, 2014 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, 2014 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 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, within 10 miles (16 km) from the California coast. The City is part of the Greater Los Angeles Area which, according to the U.S. Census Bureau, is the second largest metropolitan area in the U.S., with almost eighteen million people. According to the 2000 U.S. Census, of U.S. cities with more than 300,000 people, Santa Ana is the 4th-most densely populated behind only New York City, San Francisco, and Chicago, and slightly denser than Boston. Santa Ana is 57th most populous in the nation according to the 2011 Census and the 11th largest in the State.

Moreover, Santa Ana is the 2nd largest City within Orange County occupying 27.2 square miles and serving a population of 331,953. 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 OMB metropolitan designation for the Orange County Area is Santa Ana–Anaheim–Irvine.

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

In addition, the City houses some nationally recognized schools. These include Mater Dei High School and Orange County School of the Arts. Both are well known for their college level academics program. Furthermore, Mater Dei is nationally recognized in athletics while the Orange County School of the Arts is highly recognized in music, dance and theatre. Santa Ana is also the headquarters for many recognized companies such as Behr Paint, First American Corporation, URS Corporation, Greenwood & Hall, Ingram Micro, The Orange County Register, SchoolsFirst Federal Credit Union, STEC, TTM Technologies, and Harvey's a manufacturer of seat-belt purses. The City 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.

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

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

Budget Planning and Control

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

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

In terms of the budget process, the cycle begins in December with the distribution of policy and budgetary assumptions to departments in conjunction with budget process and calendar presentations to Council committees. During the month of January, City agencies begin to submit requests for appropriations to the City Manager for review and approval. This coincides with the annual update of the City's Five-Year Financial Forecast. A series of internal budget meetings lead to the development of a preliminary draft of the City's annual budget. The budget is then presented through a number of

committee and community meetings for general public input. A final budget is then prepared for submission to the City Council for review.

The City Manager then presents the proposed budget to the Council for review and adoption prior to June 15. The Council is required to hold public hearings on the proposed budget and adopt a final budget by no later than July 31. Upon adoption of the budget, department heads may make appropriation adjustments within a department. Appropriation adjustments between departments; however, require the special approval of the City Council. The Comprehensive Annual Financial Report includes budgetary comparisons for individual governmental funds for which a budget has been adopted. The general fund comparison is presented on page 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 operates.

Local Economy

The City is located within the Los Angeles-Long Beach-Santa Ana Metropolitan area. The area is the 2nd highest producing metro area in the country as measured by Gross Metropolitan Product. The City is known as the heart of Orange County and the center of government, commerce and transportation. The City is also home to over 25,700 businesses (as measured by business licenses issued) with the top 25 businesses generating about 25% of the jurisdiction's total sales tax revenue. The City has a solid retail base, which is anchored by the Main Place Mall, the Santa Ana Auto Mall and a bolstering downtown. The historic downtown area has attracted many new restaurants that surround a cultural artist village component.

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

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

Overall, the City has prospered over the last few years posting gains in all areas that impact economic growth. According to the State of California Employment Development Department (EDD) September 2014 preliminary numbers, California's unemployment rate fell to 7%, Orange County was at 5%, while Santa Ana which had reached a high of 15% in 2010 has dropped to 8%. In addition, building permits, business licenses and retail activity have all recovered from the recession and continue to show signs of growth. For year-end 2013-14, all major local tax revenue categories

(sales, property, UUT, HVT, and business license) which account for two-thirds of the General Fund revenues were higher than budgeted (4% or \$5.1million higher).

Long-term financial planning

Meeting the service level demands of the community while ensuring the City's financial stability, has challenged the City to formulate new strategies to balance both. Some key elements of providing long term stability included; partnering with the various bargaining units to share the burden on pension and medical costs, implementation of innovation and efficiency measures, refinancing of existing debt to save millions in debt service costs, adjusting rates to recover millions in jail cost savings, and partnering with the Orange County Fire Authority for the delivery of Fire and Emergency Medical services.

During the budget process for FY 2012-13, the City committed to establishing a fundamental strategy of balancing budgets by adopting a formal budget and reserve policy, which provides guidelines for a balanced budget approach, use of one-time funds, and appropriate reserve levels as recommended by the Government Finance Officers Association (GFOA). At the end of fiscal year 2013-14, the City achieved its reserve goal of 20% of General Fund expenditures well ahead of schedule. The City will continue to review its various funds to ensure adequate reserves and ensure proper reserve levels across all funds. Continuing with the efforts to improve the City's financial health, the City will develop adequate reserve levels for Water and Sewer enterprise funds that will include an emergency fund for repairing major main breaks.

Over the next fiscal year, the City will continue to review its debt issuance to determine refinancing opportunities or to reduce annual payments by capitalizing on lower interest rates. In addition, the City will continue to ensure that all areas have sound fiscal and legal assessments as it moves to financial 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 persistently apply for programs that are in alignment with City's Five-Year Strategic Plan. Through the efforts of our departments and the citywide grants task force, the City secured \$57.1 million in competitive grant funding in fiscal year 2014-2015. 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 ten consecutive years. The Santa Ana Police Department UASI grant budget for fiscal year 2014-15 is \$5.2 million. This financial assistance will provide funding to address the unique planning, equipment, training, and exercise needs of large urban areas and to assist the City in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism.

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 \$50.9 million Capital Improvement Program. Fiscal year 2014-2015 includes: \$6.7 million committed to

neighborhood improvement; \$31.7 million committed for street resurfacing, and reconstruction of damaged curbs, and sidewalks; \$5.6 million for traffic improvements; \$4.6 million for improvements to the water and sewer systems; \$1.9 million for improvements at city parks and public facilities; and \$0.4 million for storm drain and water quality.

Relevant Financial Policies

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

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

Major Initiatives

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

- A safe and secure community is essential to the quality of life and economic success for the City. The Santa Ana Police Department is in the process of developing a community policing plan based on community input. Additionally, the Police Department will publish a community survey to measure the community's perceptions of community policing and police services provided by the Police Department in order to provide crime prevention/community policing/traffic-pedestrian safety programs in a consistent and uniform manner.
- The City's Park, Recreation & Community Services Agency will develop a Master Joint Use agreement with the various Unified School Districts around the City's boundary to optimize Santa Ana's youth programs. Additionally, the agency will enhance its youth programming by adding year-round afterschool sports as well as develop a youth sports scholarship program.
- Ensure sustainability through the support of business development and job growth along transit corridors and implementation of various projects including the Fixed

Guideway, the Santa Ana Regional Transportation Center Master Plan, Complete Streets and General Plan Circulation Element.

- The City's Finance and Management Services Agency will be implementing new technology to improve the delivery of services and information to staff and the community. The City will implement OpenGov, E-checks software systems to increase transparency and customer service to community, provide free Wi-Fi to visitors at City Hall, Council Chamber, Train Station, and Senior Centers.
- To enhance livability, the City will explore options regarding the reuse of commercial or industrial buildings that are currently underutilized or vacant for mixed-use residential projects.
- Personnel Services is in the initial phases of developing City-wide customer service training in order to provide a standardized approach to working with the Citizens of Santa Ana and to promote Team Santa Ana efforts.
- The Planning and Building Agency (PBA) is in the process of updating the City's General Plan and Zoning Ordinance. The first phase will be the development of a Community Engagement Plan followed by the development of the City's 20-year vision plan. Both plans will serve as guiding documents in updating the General Plan and Zoning Ordinance.
- The City completed the development of 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 usage, reduced traffic congestion, and other environmental improvements.
- The City will identify best practices and opportunities for process improvement and automation across City departments in order to provide more efficient delivery of City services to the community.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. The City has received this prestigious award for thirty six consecutive years. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

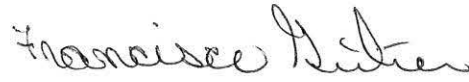
December 11, 2014

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

Respectfully submitted,



David Cavazos
City Manager



Francisco Gutierrez
Executive Director
Finance & Management Services



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

GFOA Certificate of Achievement

Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2013



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, 2013

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

Executive Director/CEO

Directory of City Officials

June 30, 2014

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

Kelly Reenders
Executive Director

Community Development

Francisco Gutierrez
Executive Director

Finance & Management Services Agency

Edward S. Raya
Executive Director

Personnel Services Agency

Karen Haluza
Interim Executive Director

Planning & Building Agency

Carlos E. Rojas
Police Chief

Police Department

Gerardo R. Mouet
Executive Director

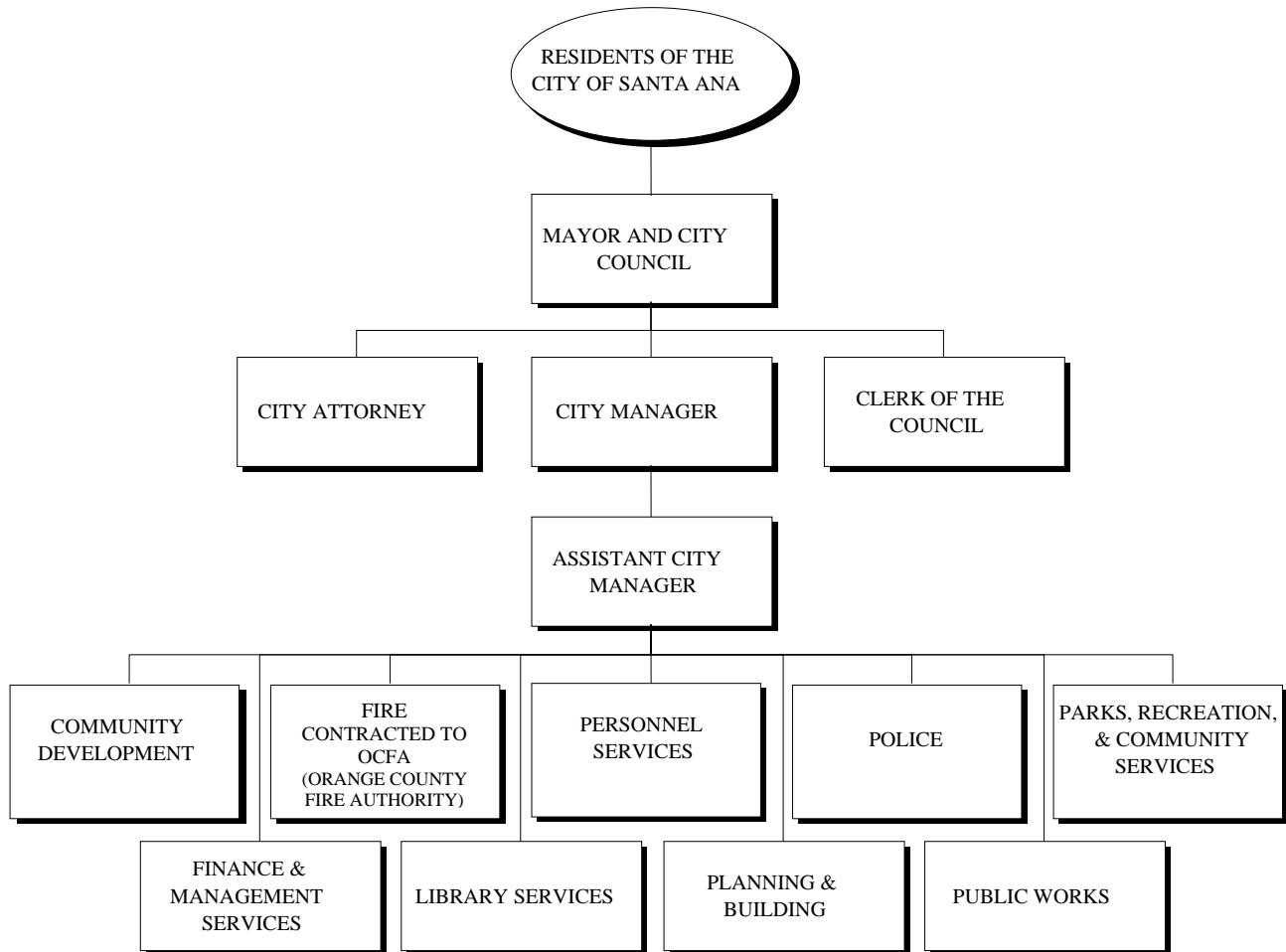
Parks, Recreation & Community Service Agency

Farhad Mousavipour
Executive Director

Public Works Agency

Table of Organization

Fiscal Year 2013-2014





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, 2014, 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 those 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1E, effective July 1, 2012, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

As discussed in Note 7, the Successor Agency to the Santa Ana Redevelopment Agency resolved the disagreements with the State Department of Finance (DOF) for 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). As of June 30, 2014, the total outstanding amount available for distribution to taxing entities is \$28.3 million and is accrued in the Santa Ana Redevelopment Agency Private Purpose Trust Fund.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of funding progress of the pension plan and other postemployment benefit plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014, 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.



Newport Beach, California
December 11, 2014

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, 2014. 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's combined governmental activity and business-type activity assets and deferred outflows of resources exceeded its liabilities at the close of the most recent fiscal year by \$1,246,981 (net position). Of this amount, \$125,560 is unrestricted. The City's net investment in capital assets is \$889,874 and \$231,547 is restricted for debt service, capital projects and specific projects and programs. Overall, governmental activities total revenue increased \$34,603 (11.48%) when compared to the prior year. The City's general revenues (a component of the general activities total revenue) increased \$11,366 (7.30%) from fiscal year 2012-13 primarily due to Property tax, Sales tax, and Hotels visitors' tax revenues increased \$8,169 (7.37%) indicating a modest improvement in the economy. The City's program revenue also increased \$6,345 (4.51%) in fees and charges for services and experienced the increases in the grant revenues. The City's expenditures were under the revenues 11.53% due to the saving in labor cost and the hiring freeze, which resulted in an increase of total net position by \$49,327.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$168,309, an increase of \$33,282 (24.65%) as compared to the prior fiscal year. The increase was primarily due to the increase in grant revenues and the increase in taxes revenues. Total fund balance (nonspendable, assigned, and unassigned) for the general fund totaled \$54,059, representing an increase of \$14,680 (37.28%) 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, 2014 the unassigned fund balance for general fund is \$45,298. This is composed the unassigned fund balance of 20% (\$40,539) of fiscal year 13-14 budgeted operating expenditures as well as the economic uncertainty reserve for \$3,846 (See Note 5H on page 114) as defined in the adopted reserve policy.
- The City experienced a net decrease in its total bonded debt and loans by \$5,258 in the fiscal year under review due to principal repayments of existing debt. (See Note 4D on page 87 through 99).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, 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 is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities of the City include general government, human resources, finance and management services, museum, library, recreation and community services, police, fire, planning and building, public works and community development. The business type activities of the City include Water, Refuse Collection, Parking, Sanitation, Regional Transportation Center, Sewer and the Federal Clean Water Protection.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also blended component units. Certain blended component units, although legally separate entities are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Housing Authority and the Santa Ana Financing Authority (SAFA) are reported as part of the primary government. After the date of dissolution, the Successor Agency activities are reported in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund, a fiduciary fund. While the Successor Agency is a blended component unit of the City, fiduciary funds are not presented in the government-wide financial statements, as the resources are not available to support 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, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Grants 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 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 maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City's enterprise funds account for Water, 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's various functions. The City's internal service funds account for, amongst others, its self-insurance, equipment maintenance/replacement, and information systems. Because these services predominantly benefit governmental rather than business type functions, they have been included within *governmental activities*, in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 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'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 64-115 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budgetary information and compliance; 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 a government's financial position. In the case of the City, assets and deferred outflows of resources of the City's government-wide activities exceeded liabilities by \$1,246,981 at the close of fiscal year 13-14 as compared to the net position (as restated) of \$1,197,654 in fiscal year 12-13.

By far the largest portion of the City 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 uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Santa Ana Statement of Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013 *	2014	2013 *	2014	2013 *
Assets:						
Current and other assets	\$ 381,116	\$ 347,233	\$ 71,184	\$ 59,524	\$ 452,300	\$ 406,757
Capital assets, net of accumulated depreciation	930,368	944,131	108,968	108,102	1,039,336	1,052,233
Total assets	<u>1,311,484</u>	<u>1,291,364</u>	<u>180,152</u>	<u>167,626</u>	<u>1,491,636</u>	<u>1,458,990</u>
Deferred outflows of resources:						
Deferred charge on refunding	7,839	-	888	-	8,727	-
Total deferred outflows of resources	<u>7,839</u>	<u>-</u>	<u>888</u>	<u>-</u>	<u>8,727</u>	<u>-</u>
Liabilities:						
Long-term liabilities	206,139	205,644	19,901	21,076	226,040	226,720
Other liabilities	16,707	26,072	10,635	8,544	27,342	34,616
Total liabilities	<u>222,846</u>	<u>231,716</u>	<u>30,536</u>	<u>29,620</u>	<u>253,382</u>	<u>261,336</u>
Net position:						
Net investment in capital assets	797,222	800,141	92,652	90,055	889,874	890,196
Restricted	227,514	204,518	4,033	3,315	231,547	207,833
Unrestricted	71,741	54,989	53,819	44,636	125,560	99,625
Total net position	<u>\$ 1,096,477</u>	<u>\$ 1,059,648</u>	<u>\$ 150,504</u>	<u>\$ 138,006</u>	<u>\$ 1,246,981</u>	<u>\$ 1,197,654</u>

* The 2013 net position was restated as a result of the implementation of GASB 65. See Note 1E.

A portion of the City’s government-wide activities net position (18.57%) represents resources that are subject to external restrictions on how they may be used. As of June 30, 2014 the City’s government-wide activities unrestricted net position is a positive \$125,560 or 10.07% of the total net position. The City’s total net position was increased by \$49,327 for the current fiscal year. The increase is primarily due to the increase in Property taxes, Sales taxes and Hotels Visitor’s taxes by 7.37% and the City’s governmental activities expenditures over the revenues of 10.96% as the City is continuing to strive for different way of doing business. On March 18, 2014, the City Council adopted 5-year Strategic Plan. The Strategic Plan provides a clear statement of where the City is going and how it intends to get there.

At the end of the current fiscal year, the City 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’s net position by \$36,829, thereby accounting for 74.66% 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

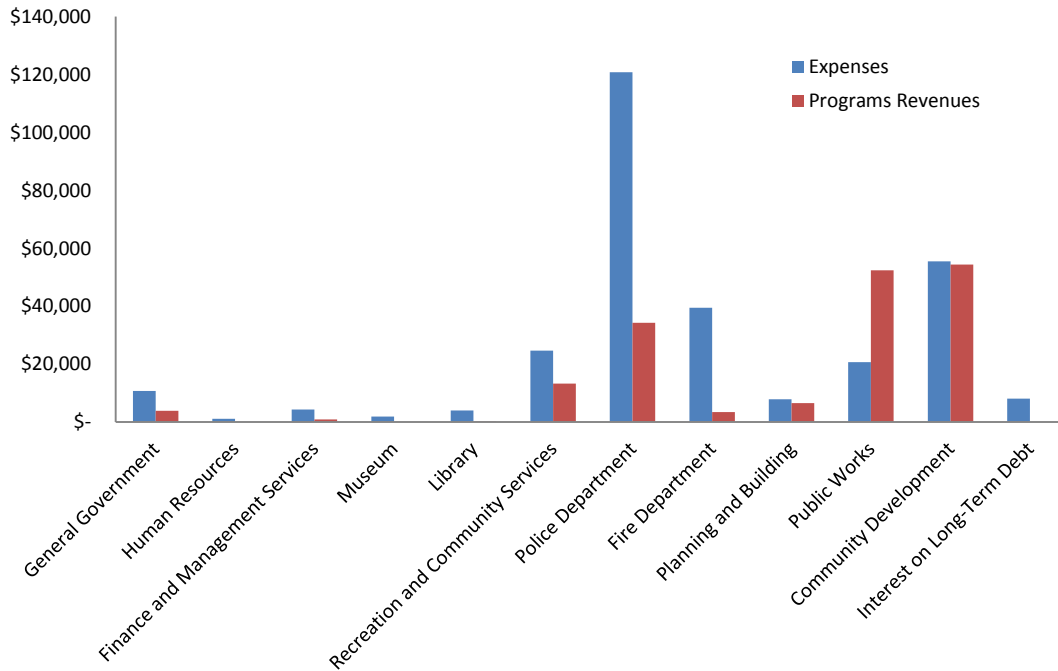
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013 *	2014	2013 *	2014	2013 *
Program revenues:						
Charges for services	\$ 55,779	\$ 51,484	\$ 91,262	\$ 89,212	\$ 147,041	\$ 140,696
Operating grants and contribution	77,494	64,700	92	22	77,586	64,722
Capital grants and contribution	36,252	29,214	-	-	36,252	29,214
General revenues:						
Property taxes	66,098	62,347	-	-	66,098	62,347
Sales taxes	44,367	40,978	-	-	44,367	40,978
Hotels visitor's taxes	8,519	7,490	-	-	8,519	7,490
Utility users taxes	25,035	24,415	-	-	25,035	24,415
Business taxes	11,201	10,671	-	-	11,201	10,671
Franchise taxes	7,984	9,001	-	-	7,984	9,001
Other taxes	1,169	962	-	-	1,169	962
Intergovernmental, unrestricted	521	833	-	-	521	833
Investment income (loss)	1,598	(1,292)	568	(322)	2,166	(1,614)
Others	6	617	-	-	6	617
Total revenues	<u>336,023</u>	<u>301,420</u>	<u>91,922</u>	<u>88,912</u>	<u>427,945</u>	<u>390,332</u>
Expenses:						
General government	10,736	9,879	-	-	10,736	9,879
Human resources	1,184	1,296	-	-	1,184	1,296
Finance and management services	4,324	3,453	-	-	4,324	3,453
Museum	1,923	1,908	-	-	1,923	1,908
Library	4,005	3,831	-	-	4,005	3,831
Recreation and community services	24,685	21,256	-	-	24,685	21,256
Police department	120,714	116,418	-	-	120,714	116,418
Fire department	39,439	39,026	-	-	39,439	39,026
Planning and building	7,856	7,033	-	-	7,856	7,033
Public works	20,711	23,492	-	-	20,711	23,492
Community development	55,537	55,931	-	-	55,537	55,931
Interest on long-term debt	8,080	7,027	-	-	8,080	7,027
Water	-	-	44,912	44,527	44,912	44,527
Parking	-	-	2,795	2,756	2,795	2,756
Refuse	-	-	15,948	16,122	15,948	16,122
Transportation center	-	-	1,267	1,317	1,267	1,317
Sewer	-	-	4,761	4,351	4,761	4,351
Sanitation	-	-	7,616	7,913	7,616	7,913
Federal clean water protection	-	-	2,125	1,780	2,125	1,780
Total expenses	<u>299,194</u>	<u>290,550</u>	<u>79,424</u>	<u>78,766</u>	<u>378,618</u>	<u>369,316</u>
Increase in net position before						
Extraordinary Gain	<u>36,829</u>	<u>10,870</u>	<u>12,498</u>	<u>10,146</u>	<u>49,327</u>	<u>21,016</u>
Extraordinary Gain	<u>-</u>	<u>705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>705</u>
Increase in net position	<u>36,829</u>	<u>11,575</u>	<u>12,498</u>	<u>10,146</u>	<u>49,327</u>	<u>21,721</u>
Net position beginning (as restated)	<u>1,059,648</u>	<u>1,048,073</u>	<u>138,006</u>	<u>127,860</u>	<u>1,197,654</u>	<u>1,175,933</u>
Net position ending	<u>\$ 1,096,477</u>	<u>\$ 1,059,648</u>	<u>\$ 150,504</u>	<u>\$ 138,006</u>	<u>\$ 1,246,981</u>	<u>\$ 1,197,654</u>

* The 2013 net position was restated as a result of the implementation of GASB 65. See Note 1E.

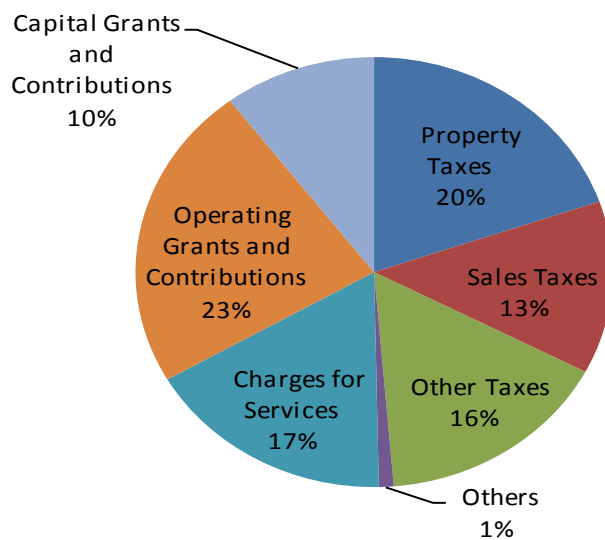
During the year ended June 30, 2014, property taxes increased by \$3,751 (6.02%), Sales tax increased by \$3,389 (8.27%) and Hotel visitors' tax revenue increased \$1,029 (13.74%) under the governmental activities showing signs of modest growth. Business tax and Utility user's taxes also increased 4.97% and 2.54%

respectively. Charges for services also increased by \$4,295 (8.34%) primary due to the increase in Plan Check fees collected during the year. Operating and capital grants and contributions for governmental activities also increased by \$19,832 (21.12%) primary due to the grant reimbursement for the project known as the Depot at Santiago to develop a mixed use development. When complete the project will be comprised of 70 one, two, and three bedroom rental units, 8,500 square feet of retail space and a 3,000 square foot community room.

Expenses and Program Revenues - Governmental Activities



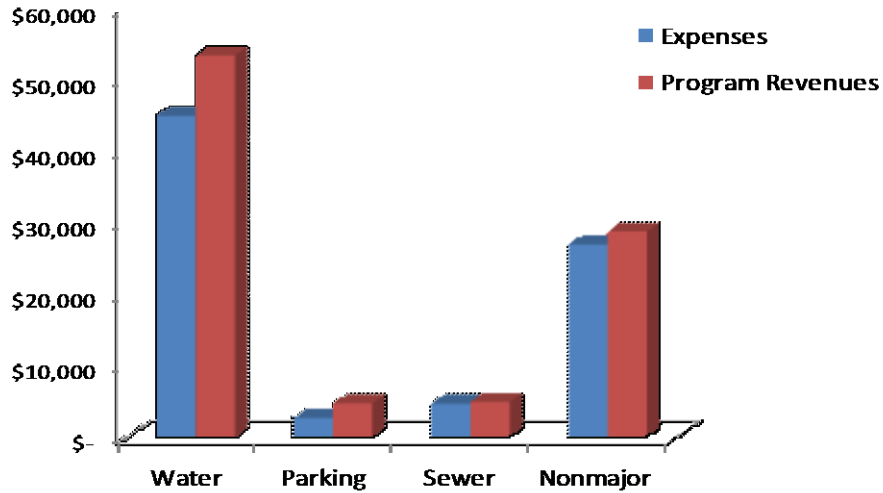
Revenue by Source – Governmental Activities



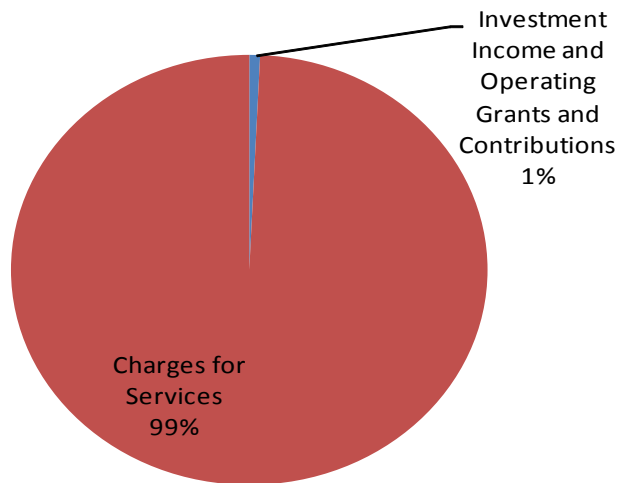
Business-type activities. Business-type activities increased the City's net position by \$12,498 accounting for 25.41% of the total growth in the government's net position during the current year end June 30, 2014 in comparison with the prior year. Key elements of this increase are as follows:

- Charges for services in business-type activities increased by \$2,050 (2.25%) as compared to the prior fiscal year. The Water Enterprise accounted for an increase of \$1,517, Parking Funds accounted for an increase of \$27, and Sewer Funds accounted for an increase of \$78. The nonmajor enterprise funds accounted for an increase of \$428. The increases in charges for services revenue were primary due to the increase in services demand.
- Investment earnings increased by \$890 (156.69%) for business-type activities. The increase was due to unrealized gains on the changes of market value of the investment portfolio.
- Total expenses for business-type activities increased by \$658 (0.83%) as compared to the prior fiscal year. The increase was primarily due to the increase in purchased commodities in fiscal year 2013-14.

Expenses and Program Revenues – Business-Type Activities



Revenue by Source - Business-Type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending total fund balances of \$168,309 of which \$42,771 constitutes the *unassigned fund balance*. The remainder of the total governmental fund balance is allocated as follows: 1) \$5,404 assigned to contractual obligations and continuing projects; 2) \$22,350 for non-spendable items; and 3) \$97,784 restricted for specific spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the general fund was \$54,059 (includes non-spendable amount of \$3,357; assigned amount of \$5,404, and unassigned amount of \$45,298) as compared to \$39,379 in fiscal year 12-13. 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 four 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 13-14, sales tax and hotel visitor's tax increased 8.27% and 13.74% respectively; property taxes increased 6.02% when compared to fiscal year 12-13. In addition, revenues tied to charges for services increased 10.85%.

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. However in fiscal year 13-14 the expenditures increase 3.41% due to City's General Fund absorbed the Traffic Engineer activities from the Engineering and Administrative Services, an internal service fund, compared to fiscal year 12-13.

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 23.76% (\$45,298) of total 13-14 general fund operating expenditures.

The Special Revenue Grants' fund balance is \$9,022 in fiscal year 13-14 as compared to the fund balance of \$7,822 in fiscal year 12-13. The 15.34% increases were primary due to the 26.3% higher grant allocation received for UASI grant in fiscal year 13-14. The grant will be used in fiscal year 14-15.

The Special Revenue Housing Authority's fund balance is \$4,131 in fiscal year 13-14 as compared to the fund balance of \$4,059 in fiscal year 12-13. The 1.77% increase was due to the cost saving in administrative expenditures.

The Special Revenue Gas Tax Fund had an increase in fund balance of \$1,865 in the current fiscal year. The increase was primarily due to an increase in the Gas Tax allocation revenues by 38.1% as compared to fiscal year 12-13.

The Capital Projects Housing Successor Agency fund had a fund balance decrease of \$7,739 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 \$41,306 in fiscal year 13-14 as compared to the fund balance of \$15,457 in fiscal year 12-13. The increase was primarily due to street grant revenues and surplus property received in fiscal year 13-14.

The Debt Service Santa Ana Financing Authority Fund had a decrease of \$4,614 in the current year. The decrease was primarily due to the principal and interest payments on the debt.

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

The Water fund ended the 13-14 fiscal year with total net position of \$88,106 as compared to net position of \$79,708 in fiscal year 12-13. The 10.54 % increase was primarily due to the increase in services demand.

The Parking fund ended with total net position of \$14,994 in fiscal year 13-14 as compared to the net position of \$12,986 in fiscal year 12-13. 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 \$24,645 in fiscal year 13-14 as compared to the net position of \$24,358 in fiscal year 12-13. The \$287 increase was primarily due to the increase in services demand.

Unrestricted net position related to business-type activities increased \$9,183 (20.57%) at the current fiscal year as compared to \$44,636 in fiscal year 12-13. The increase was primarily due to the increase in services demand and the degree to which increases in ongoing revenues have outperformed similar increases in ongoing expenses.

General Fund Budgetary Highlights

During the year, there was a \$2,355 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$1,628 to roll forward 2013-14 active purchase orders and contractual obligations into fiscal year 2014-15 budget.
- \$380 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the donation fund received from the Friends of the Santa Ana Zoo (FOSAZ) to the development of a new Ocelot Exhibit and a trailer at Santa Ana Zoo-Prentice Park.
- \$47 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the fund received from carnival promoters for the 2014 carnival season.
- \$10 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the donation fund received from the Related Companies of California to the equipment and furniture purchases for Garfield Community Center.
- \$45 supplemental appropriation to the Parks, Recreation & Community Services Agency in anticipation of the donation fund received from the America On Track to purchase high-quality outdoor gym equipment and a shade structure at Memorial Park.
- \$50 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.

- \$20 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.
- \$144 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.
- \$31 supplemental appropriation to the Police department in anticipation of reimbursement fund received for the cost associated with DNA collections.

By year-end, General Fund revenues amounted to \$214,753 which is approximately \$9,273 (or 4.51%) 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. The General Fund expenditures were less than budgeted by \$10,806 (or 5.36%).

Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets for its governmental and business-type activities was \$1,039,336 (net of accumulated depreciation) as of June 30, 2014. This investment in capital assets includes land, right of way, street trees, buildings, improvements, machinery and equipment, park facilities, streets, and bridges.

City of Santa Ana Capital Assets

(net of accumulated depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 13,255	\$ 13,104	\$ 7,987	\$ 7,987	\$ 21,242	\$ 21,091
Right of way	428,617	427,898	-	-	428,617	427,898
Street trees	7,031	7,031	-	-	7,031	7,031
Construction in progress	176,568	174,273	12,034	10,982	188,602	185,255
Building	74,488	80,416	2,341	2,559	76,829	82,975
Improvements	29,886	31,938	71,372	71,242	101,258	103,180
Equipment	8,657	9,266	4,650	4,319	13,307	13,585
Infrastructure	185,938	193,623	10,361	10,776	196,299	204,399
Library materials	1,037	1,066	-	-	1,037	1,066
Computer software	4,891	5,516	223	237	5,114	5,753
Total	\$ 930,368	\$ 944,131	\$ 108,968	\$ 108,102	\$ 1,039,336	\$ 1,052,233

At the end of the current fiscal year, the City’s total assets decreased by \$12,897 (1.23%). The decrease is primarily due to the decrease in infrastructure expenditure and depreciation for fiscal year 2013-14. Additional information on the City’s capital assets can be found in Note 4B on pages 82-84 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$158,124. Of this amount, \$110,313 comprises debt backed by the full faith and credit of the government, \$46,335 represents bonds secured solely by specified revenue sources, and \$1,476 in long-term loans.

City of Santa Ana
Long-term Bonded Debt and Loans

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Capital leases	\$ -	\$ 166	\$ -	\$ -	\$ -	\$ 166
Certificates-of-participation	63,220	72,910	-	-	63,220	72,910
Revenue bonds	33,550	71,785	12,785	13,685	46,335	85,470
Private leasing financing	45,060	-	-	-	45,060	-
Refunding certificates of participation	-	-	2,450	4,075	2,450	4,075
Long-term loans and notes	823	352	653	826	1,476	1,178
Less: Deferred amounts	-	*	-	*	-	*
Bond discounts	(845)	(877)	-	-	(845)	(877)
Add: Bond premium	-	238	428	518	428	756
Total	\$ 141,808	\$ 144,330	\$ 16,316	\$ 18,047	\$ 158,124	\$ 162,377

* Deferred amounts from refunding of debt were recorded as deferred outflows of resources (GASB 65)

At the end of the current fiscal year, Governmental Activities long-term debt decreased by (\$2,522) primary due to the principal repayment of existing debt of \$48,091 net of the increase of \$45,060 in the 2014 private leasing financing to the refinancing of 1998 City Hall Expansion Certificate of Participation and one half of 1994 Police Lease Revenue Bond. The Long-term debt associated with Business-type Activities decreased (\$1,731) due to the principal repayment of existing debt. Additional information on the City's long-term debt can be found in Note 4D on pages 87 through 99.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City is 2.5% (\$527,992). During the current fiscal year, total fund balance in the General Fund was \$54,059 (includes non-expendable Fire contract prepayment of \$3,357 and assigned amount of \$5,404 and unassigned amount of \$45,298). The assigned fund balance is of \$5,404 is committed to contractual obligations or assigned to continuing projects and incorporated into the 2014-2015 fiscal year.

As of March 13, 2014, Standard & Poor's reported Santa Ana's California series 2007 Gas Tax Revenue Certificates of Participation (COPs), the Police Lease Revenue Bonds and 2004 Water Revenue Refunding Bond are stable at the rating AA-.

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 continuing 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 4.5%.
- 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'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, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments (Note 4A)	\$ 194,315,929	\$ 55,150,968	\$ 249,466,897
Receivables:			
Taxes	8,727,180	89	8,727,269
Interest	611,622	43,965	655,587
Accounts	3,344,849	15,792,570	19,137,419
Allowance for uncollectible accounts	-	(551,996)	(551,996)
Intergovernmental	13,176,904	-	13,176,904
Loans and notes (Note 4E)	110,862,429	-	110,862,429
Advance to Successor Agency to the Santa Ana Redevelopment Agency	4,751,291	-	4,751,291
Inventory of supplies	662,275	-	662,275
Prepaid items	3,364,987	-	3,364,987
Restricted assets:			
Cash and investments (Note 4A)	8,264,264	748,200	9,012,464
Cash and investments with fiscal agents (Note 4A)	7,628,708	187	7,628,895
Land held for resale	25,405,233	-	25,405,233
Capital assets, not being depreciated (Note 4B)	625,470,871	20,020,930	645,491,801
Capital assets, net of accumulated depreciation (Note 4B)	304,896,818	88,947,173	393,843,991
Total assets	<u>1,311,483,360</u>	<u>180,152,086</u>	<u>1,491,635,446</u>
Deferred outflows of resources:			
Deferred charge on refunding, net of accumulated amortization	7,839,242	887,632	8,726,874
Liabilities:			
Accounts payable	10,075,471	8,714,359	18,789,830
Interest payable	27,449	214,514	241,963
Retention payable	247,766	109,973	357,739
Deposits	545,135	1,414,407	1,959,542
Unearned revenue	5,810,909	181,142	5,992,051
Non current liabilities- due within one year (Note 4D)	16,347,226	15,611,962	31,959,188
Non current liabilities- due over one year (Note 4D)	175,635,165	2,509,870	178,145,035
Postemployment benefits obligation (Note 5F)	14,156,957	1,779,409	15,936,366
Total liabilities	<u>222,846,078</u>	<u>30,535,636</u>	<u>253,381,714</u>
Net Position:			
Net investment in capital assets	797,221,886	92,652,114	889,874,000
Restricted for:			
Debt service	4,212,788	-	4,212,788
Capital projects	11,273,044	-	11,273,044
National pollution discharge elimination system	-	4,032,765	4,032,765
Special revenue	70,294,541	-	70,294,541
Special revenue housing authority projects	83,418,291	-	83,418,291
Public works street improvements	58,314,827	-	58,314,827
Unrestricted	71,741,147	53,819,203	125,560,350
Total net position	<u>\$ 1,096,476,524</u>	<u>\$ 150,504,082</u>	<u>\$ 1,246,980,606</u>

See accompanying Notes to the Basic Financial Statements.

Statement of Activities
Year ended June 30, 2014

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 10,736,137	3,427,551	431,008	10,910
Human resources	1,183,537	-	-	-
Finance and management services	4,324,208	879,942	14,069	-
Museum	1,922,360	-	-	-
Library	4,005,196	99,869	171,031	-
Recreation and community services	24,685,409	4,202,386	3,317,661	5,741,998
Police department	120,714,075	22,682,572	11,621,517	-
Fire department	39,439,440	2,815,216	600,761	-
Planning and building	7,856,086	6,279,955	326,492	-
Public works	20,711,301	9,959,413	12,263,858	30,163,306
Community development	55,536,483	5,432,482	48,747,883	335,181
Interest on long-term debt	8,079,922	-	-	-
Total governmental activities	\$ 299,194,154	55,779,386	77,494,280	36,251,395
Business-type activities:				
Water	44,911,521	52,855,867	-	-
Parking	2,795,267	4,770,707	-	-
Refuse collections	15,948,268	17,061,949	92,519	-
Transportation center	1,266,690	753,756	-	-
Sewer	4,761,335	5,017,194	-	-
Sanitation	7,616,232	7,934,491	-	-
Federal clean water protection	2,124,545	2,867,695	-	-
Total business-type activities	79,423,858	91,261,659	92,519	-
Total	\$ 378,618,012	147,041,045	77,586,799	36,251,395
General revenues:				
Property taxes				
Sales taxes shared revenue				
Hotels visitors' taxes				
Utility users taxes				
Business taxes				
Franchise taxes				
Other taxes				
Intergovernmental, unrestricted				
Investment income				
Other revenues				
Total general revenues				
Change in net position				
Net position - beginning, as restated (Note 1E)				
Net position - ending				

See accompanying Notes to the Basic Financial Statements.

STATEMENT OF ACTIVITIES

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (6,866,668)	\$ -	\$ (6,866,668)
(1,183,537)	-	(1,183,537)
(3,430,197)	-	(3,430,197)
(1,922,360)	-	(1,922,360)
(3,734,296)	-	(3,734,296)
(11,423,364)	-	(11,423,364)
(86,409,986)	-	(86,409,986)
(36,023,463)	-	(36,023,463)
(1,249,639)	-	(1,249,639)
31,675,276	-	31,675,276
(1,020,937)	-	(1,020,937)
(8,079,922)	-	(8,079,922)
\$ (129,669,093)	\$ -	\$ (129,669,093)
-	7,944,346	7,944,346
-	1,975,440	1,975,440
-	1,206,200	1,206,200
-	(512,934)	(512,934)
-	255,859	255,859
-	318,259	318,259
-	743,150	743,150
-	11,930,320	11,930,320
\$ (129,669,093)	\$ 11,930,320	\$ (117,738,773)
66,097,810	-	66,097,810
44,366,498	-	44,366,498
8,519,161	-	8,519,161
25,035,497	-	25,035,497
11,200,935	-	11,200,935
7,984,174	-	7,984,174
1,168,764	-	1,168,764
520,612	-	520,612
1,598,180	567,896	2,166,076
6,345	-	6,345
166,497,976	567,896	167,065,872
36,828,883	12,498,216	49,327,099
1,059,647,641	138,005,866	1,197,653,507
\$ 1,096,476,524	\$ 150,504,082	\$ 1,246,980,606



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 the U.S. Office of Management and Budget (OMB), 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.

CITY OF SANTA ANA

**Balance Sheet
Governmental Funds
June 30, 2014**

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Assets				
Cash and investments (Note 4A)	\$ 49,177,539	\$ 6,714,514	\$ 4,133,729	\$ 11,796,573
Receivables (net of allowance for uncollectibles):				
Taxes	8,727,180	-	-	-
Interest	48,596	5,479	2,702	13,482
Accounts	3,195,746	64,118	11,761	-
Intergovernmental	433,828	4,956,969	-	1,029,396
Loans and notes (Note 4E)	-	49,583,150	-	-
Prepaid items	3,357,089	-	7,898	-
Advances to other funds (Note 4C)	-	-	-	-
Restricted assets:				
Cash and investments (Note 4A)	-	-	-	7,986,912
Cash and investments with fiscal agents (Note 4A)	171,445	68,333	247,528	4,212,788
Land held for resale	-	-	-	-
Total assets	<u>65,111,423</u>	<u>61,392,563</u>	<u>4,403,618</u>	<u>25,039,151</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities:				
Accounts payable	3,007,807	1,068,496	13,658	380,446
Interest payable	27,449	-	-	-
Retention payable	153	42,283	-	-
Due to other funds (Note 4C)	-	-	-	-
Grant advances	-	550,632	-	-
Deposits	297,607	-	247,528	-
Advances payable to other funds (Note 4C)	2,920,000	-	-	-
Unearned revenue-other	4,799,667	-	-	-
Total liabilities	<u>11,052,683</u>	<u>1,661,411</u>	<u>261,186</u>	<u>380,446</u>
Deferred inflows of resources:				
Unavailable revenues	-	50,709,219	11,761	-
Fund balances:				
Nonspendable:				
Prepaid items	3,357,089	-	7,898	-
Surplus property from street projects	-	-	-	-
Restricted for:				
Community development	-	1,081,405	4,122,773	-
Debt service	-	-	-	-
Public safety	-	8,486,538	-	-
Street projects	-	-	-	24,658,705
Drainage construction	-	-	-	-
Public works	-	-	-	-
Cultural recreation and community services	-	259,620	-	-
Land held for resale	-	-	-	-
Advance to private-purpose trust fund	-	-	-	-
Assigned to:				
Contractual obligations	1,356,022	-	-	-
Continuing projects	4,047,924	-	-	-
Unassigned: (Note 5H)	45,297,705	(805,630)	-	-
Total fund balances	<u>54,058,740</u>	<u>9,021,933</u>	<u>4,130,671</u>	<u>24,658,705</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 65,111,423</u>	<u>\$ 61,392,563</u>	<u>\$ 4,403,618</u>	<u>\$ 25,039,151</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
\$ 6,817,170	\$ 24,800,577	\$ 342,232	\$ 18,599,439	\$ 122,381,773
-	-	-	-	8,727,180
5,672	14,973	-	370,680	461,584
-	-	-	13,234	3,284,859
-	4,577,932	-	2,168,779	13,166,904
61,279,279	-	-	-	110,862,429
-	-	-	-	3,364,987
4,751,291	-	-	-	4,751,291
-	-	-	-	7,986,912
12,015	-	48	-	4,712,157
6,420,078	18,985,155	-	-	25,405,233
<u>79,285,505</u>	<u>48,378,637</u>	<u>342,280</u>	<u>21,152,132</u>	<u>305,105,309</u>
9,646	3,670,914	3,000	839,090	8,993,057
-	-	-	-	27,449
-	179,963	-	25,367	247,766
-	-	-	1,212,396	1,212,396
-	460,610	-	-	1,011,242
-	-	-	-	545,135
-	-	-	-	2,920,000
-	-	-	-	4,799,667
<u>9,646</u>	<u>4,311,487</u>	<u>3,000</u>	<u>2,076,853</u>	<u>19,756,712</u>
<u>61,279,279</u>	<u>2,761,154</u>	<u>-</u>	<u>2,277,973</u>	<u>117,039,386</u>
-	-	-	-	3,364,987
-	18,985,155	-	-	18,985,155
6,825,211	-	-	1,873,322	13,902,711
-	-	339,280	-	339,280
-	-	-	58,867	8,545,405
-	22,320,841	-	-	46,979,546
-	-	-	4,579,824	4,579,824
-	-	-	6,477,591	6,477,591
-	-	-	5,529,063	5,788,683
6,420,078	-	-	-	6,420,078
4,751,291	-	-	-	4,751,291
-	-	-	-	1,356,022
-	-	-	-	4,047,924
-	-	-	(1,721,361)	42,770,714
<u>17,996,580</u>	<u>41,305,996</u>	<u>339,280</u>	<u>16,797,306</u>	<u>168,309,211</u>
<u>\$ 79,285,505</u>	<u>\$ 48,378,637</u>	<u>\$ 342,280</u>	<u>\$ 21,152,132</u>	<u>\$ 305,105,309</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, 2014**

Fund balances of governmental funds		\$ 168,309,211
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. This amount does not include the capital assets of the internal service funds which are reported below.		922,220,979
Long-term liabilities, including bonds payable, loans, 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	(145,190,403)	
Compensated absences	<u>(20,313,370)</u>	(165,503,773)
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental fund.		117,117,943
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>54,332,164</u>
Net position of governmental activities		<u>\$ 1,096,476,524</u>

See accompanying Notes to the Basic Financial Statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2014

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Revenues:				
Taxes	\$ 163,663,169	-	-	-
License and permits	3,283,176	-	-	-
Intergovernmental	548,430	29,159,643	30,026,592	11,127,442
Charges for services	9,223,487	14,306	-	-
Fines and forfeits	7,009,517	-	-	-
Investment income	738,558	22,669	19,655	360,566
Cost recoveries	14,540,713	632	-	-
Rental income	15,182,658	-	-	-
Miscellaneous	563,260	862,828	178,873	-
Total revenues	<u>214,752,968</u>	<u>30,060,078</u>	<u>30,225,120</u>	<u>11,488,008</u>
Expenditures:				
Current:				
General government	8,451,428	-	-	-
Human resources	982,264	-	-	-
Finance and management services	3,694,259	-	-	-
Museum	1,474,888	-	-	-
Library	3,277,741	225,543	-	-
Recreation and community services	14,800,310	1,174,470	-	-
Police department	105,380,452	5,712,376	-	-
Fire department	38,816,626	-	-	-
Planning and building	6,746,058	558,256	-	-
Public works	4,791,953	-	-	2,837,624
Community development	546,916	14,848,463	30,153,513	-
Pass-through payments to districts and other agencies	-	3,552,621	-	-
Capital Outlay	153,444	2,788,266	-	79,637
Debt Service:				
Principal	938,669	-	-	1,275,000
Interest and fiscal charges	672,060	-	-	2,911,681
Cost of issuance and other bond charges	-	-	-	-
Total expenditures	<u>190,727,068</u>	<u>28,859,995</u>	<u>30,153,513</u>	<u>7,103,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,025,900</u>	<u>1,200,083</u>	<u>71,607</u>	<u>4,384,066</u>
Other financing sources (uses):				
Transfers in (Note 4C)	320,291	-	-	-
Transfers out (Note 4C)	(9,666,150)	-	-	(2,519,291)
Proceeds from refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Capital contribution	-	-	-	-
Total other financing sources (uses)	<u>(9,345,859)</u>	<u>-</u>	<u>-</u>	<u>(2,519,291)</u>
Net change in fund balances	14,680,041	1,200,083	71,607	1,864,775
Fund balances - beginning	<u>39,378,699</u>	<u>7,821,850</u>	<u>4,059,064</u>	<u>22,793,930</u>
Fund balances - ending	<u>\$ 54,058,740</u>	<u>9,021,933</u>	<u>4,130,671</u>	<u>24,658,705</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
709,670	379,485	-	102,901	\$ 164,855,225
-	11,947	-	-	3,295,123
-	17,723,156	-	6,781,690	95,366,953
-	229,674	-	2,025,479	11,492,946
-	-	-	-	7,009,517
175,305	198,515	1,117	90,650	1,607,035
-	8,002,036	-	1,007,813	23,551,194
-	164,122	-	952,774	16,299,554
611,207	177,000	-	1,559,628	3,952,796
<u>1,496,182</u>	<u>26,885,935</u>	<u>1,117</u>	<u>12,520,935</u>	<u>327,430,343</u>
-	-	-	-	8,451,428
-	-	-	136,176	1,118,440
-	-	-	-	3,694,259
-	-	-	-	1,474,888
-	-	-	-	3,503,284
-	-	-	6,120,738	22,095,518
-	-	-	1,794,060	112,886,888
-	-	-	-	38,816,626
-	-	-	189,536	7,493,850
-	466,493	-	1,646,752	9,742,822
5,927,732	-	-	-	51,476,624
3,308,216	-	-	-	6,860,837
-	6,516,775	-	1,263,035	10,801,157
-	-	9,298,906	-	11,512,575
-	-	4,403,248	-	7,986,989
-	-	182,815	-	182,815
<u>9,235,948</u>	<u>6,983,268</u>	<u>13,884,969</u>	<u>11,150,297</u>	<u>298,099,000</u>
<u>(7,739,766)</u>	<u>19,902,667</u>	<u>(13,883,852)</u>	<u>1,370,638</u>	<u>29,331,343</u>
-	2,509,291	9,066,150	600,000	12,495,732
-	-	-	-	(12,185,441)
-	-	45,060,000	-	45,060,000
-	-	(44,856,211)	-	(44,856,211)
-	3,437,086	-	-	3,437,086
-	<u>5,946,377</u>	<u>9,269,939</u>	<u>600,000</u>	<u>3,951,166</u>
<u>(7,739,766)</u>	<u>25,849,044</u>	<u>(4,613,913)</u>	<u>1,970,638</u>	<u>33,282,509</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>
<u>17,996,580</u>	<u>41,305,996</u>	<u>339,280</u>	<u>16,797,306</u>	<u>\$ 168,309,211</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, 2014**

Net change in fund balances-total governmental funds	\$ 33,282,509
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	10,801,157
Capital contribution	(3,285,586)
Depreciation expense	(19,678,407)
Net of deletion	<u>(222,887)</u>
	(12,385,723)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund.	7,850,658
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, the governmental funds report the effect of the premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,155,462
Accrued interest for long term liabilities including bonds payable. This is the net change in accrued interest for the current period.	11,443
The increase in the OPEB obligation is reported in the statement of activities but does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.	(896,513)
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.	<u>(1,188,953)</u>
Change in net position with governmental activities	<u>\$ 36,828,883</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.

CITY OF SANTA ANA

Statement of Net Position
Proprietary Funds
June 30, 2014

	Water	Parking
Assets:		
Current assets:		
Cash and investments (Note 4A)	\$ 31,251,949	\$ 6,679,369
Receivables:		
Taxes	-	-
Interest	20,341	6,568
Accounts	11,582,933	-
Allowance for uncollectible accounts	(407,652)	-
Intergovernmental	-	-
Due from other funds	-	-
Inventory of supplies	-	-
Total current assets	<u>42,447,571</u>	<u>6,685,937</u>
Noncurrent assets:		
Advances to other funds (Note 4C)	-	-
Restricted cash and investments (Note 4A)	748,200	-
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	114,075,682	-
Equipment	14,004,815	347,553
Parking structures	-	14,748,556
Construction in progress	8,878,575	13,063
Computer software	278,589	-
Less accumulated depreciation	(69,586,200)	(7,866,602)
Total capital assets (net of accumulated depreciation)	<u>68,478,589</u>	<u>10,833,619</u>
Total noncurrent assets	<u>69,226,975</u>	<u>10,833,620</u>
Total assets	<u>111,674,546</u>	<u>17,519,557</u>
Deferred outflows of resources:		
Deferred charge on refunding, net of accumulated amortization	671,529	216,103
Liabilities:		
Current liabilities:		
Accounts payable	7,221,109	8,415
Retention payable	109,209	-
Compensated absences payable (current portion) (Note 4D)	218,826	17,171
Notes payable (current portion) (Note 4D)	178,562	-
Interest payable	204,768	9,746
Grant advances	-	-
Deposits payable	1,403,407	-
Claims payable (current portion) (Note 4D)	-	-
Revenue bonds payable (current portion) (Note 4D)	13,086,938	-
Certificates of participation payable (current portion) (Note 4D)	-	1,895,000
Total current liabilities	<u>22,422,819</u>	<u>1,930,332</u>
Noncurrent liabilities:		
Compensated absences payable	656,476	51,514
Notes payable	474,476	-
Claims payable	-	-
Postemployment benefits obligation	686,450	78,889
Certificate of participation payable	-	681,013
Total noncurrent liabilities	<u>1,817,402</u>	<u>811,416</u>
Total liabilities	<u>24,240,221</u>	<u>2,741,748</u>
Net position:		
Net investment in capital assets	54,738,613	8,257,606
Restricted for :		
National pollution discharge elimination system	-	-
Unrestricted	33,367,241	6,736,306
Total net position	<u>\$ 88,105,854</u>	<u>14,993,912</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

		Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Sewer	Nonmajor	Total		
6,198,031	11,021,619	\$	55,150,968	\$ 71,934,156
-	89		89	-
6,276	10,780		43,965	71,481
864,956	3,344,681		15,792,570	59,990
(40,573)	(103,771)		(551,996)	-
-	-		-	10,000
-	-		-	1,212,396
-	-		-	662,275
<u>7,028,690</u>	<u>14,273,398</u>		<u>70,435,596</u>	<u>73,950,298</u>
-	-		-	2,920,000
-	-		748,200	277,352
-	-		187	2,916,551
-	3,792,491		7,987,085	-
-	8,607,909		8,831,492	-
37,930,460	4,009,534		156,015,676	859,017
276,157	19,592		14,648,117	23,138,890
-	4,817,296		19,565,852	-
2,870,527	271,680		12,033,845	-
-	-		278,589	6,244,193
<u>(22,259,853)</u>	<u>(10,679,898)</u>		<u>(110,392,553)</u>	<u>(22,095,390)</u>
<u>18,817,291</u>	<u>10,838,604</u>		<u>108,968,103</u>	<u>8,146,710</u>
<u>18,817,291</u>	<u>10,838,604</u>		<u>109,716,490</u>	<u>14,260,613</u>
<u>25,845,981</u>	<u>25,112,002</u>		<u>180,152,086</u>	<u>88,210,911</u>
-	-		887,632	-
680,727	804,108		8,714,359	1,082,414
-	764		109,973	-
62,301	153,164		451,462	499,867
-	-		178,562	-
-	-		214,514	-
-	181,142		181,142	-
-	11,000		1,414,407	-
-	-		-	6,386,057
-	-		13,086,938	-
-	-		1,895,000	-
<u>743,028</u>	<u>1,150,178</u>		<u>26,246,357</u>	<u>7,968,338</u>
186,901	459,490		1,354,381	1,499,598
-	-		474,476	-
-	-		-	21,475,487
270,719	743,351		1,779,409	2,935,324
-	-		681,013	-
<u>457,620</u>	<u>1,202,841</u>		<u>4,289,279</u>	<u>25,910,409</u>
<u>1,200,648</u>	<u>2,353,019</u>		<u>30,535,636</u>	<u>33,878,747</u>
18,817,291	10,838,604		92,652,114	8,146,710
-	4,032,765		4,032,765	-
5,828,042	7,887,614		53,819,203	46,185,454
<u>24,645,333</u>	<u>22,758,983</u>	\$	<u>150,504,082</u>	\$ <u>54,332,164</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2014

	Water	Parking	Sewer
Operating revenues:			
Charges for services	\$ 52,507,440	2,440,705	5,017,194
Miscellaneous	348,427	2,330,002	-
Total operating revenues	<u>52,855,867</u>	<u>4,770,707</u>	<u>5,017,194</u>
Operating expenses:			
Cost of goods sold	-	-	-
Personnel services	4,554,959	732,988	1,913,354
Contractual services	12,075,356	1,365,967	1,011,295
Materials and supplies	12,478,045	30,043	779,576
Other services and charges	12,950,164	134,824	537,708
Administration	-	-	-
Insurance	-	-	-
Provision for self-insured losses	-	-	-
Depreciation	2,194,392	294,971	516,357
Total operating expenses	<u>44,252,916</u>	<u>2,558,793</u>	<u>4,758,290</u>
Operating income (loss)	<u>8,602,951</u>	<u>2,211,914</u>	<u>258,904</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	-
Net increase in the fair value of investment	360,219	-	-
Investment earnings	93,316	31,812	31,795
Interest expense	(658,605)	(236,474)	-
Loss on disposal of capital assets	-	-	(3,045)
Total nonoperating revenues (expenses)	<u>(205,070)</u>	<u>(204,662)</u>	<u>28,750</u>
Income (loss) before transfers	<u>8,397,881</u>	<u>2,007,252</u>	<u>287,654</u>
Transfers in (Note 4C)	-	-	-
Transfers out (Note 4C)	-	-	-
Change in net position	8,397,881	2,007,252	287,654
Net position - beginning	79,707,973	12,986,660	24,357,679
Net position - ending	<u>\$ 88,105,854</u>	<u>14,993,912</u>	<u>24,645,333</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

		Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds	
Nonmajor		Total			
21,514,743	\$	81,480,082	\$	55,802,714	
7,103,148		9,781,577		4,335,323	
28,617,891		91,261,659		60,138,037	
-		-		100,642	
4,158,972		11,360,273		12,669,592	
12,438,941		26,891,559		7,010,811	
190,121		13,477,785		3,054,683	
9,716,198		23,338,894		5,323,149	
-		-		5,386,928	
-		-		17,603,938	
-		-		9,035,503	
451,503		3,457,223		2,043,031	
26,955,735		78,525,734		62,228,277	
1,662,156		12,735,925		(2,090,240)	
92,519		92,519		-	
-		360,219		254,174	
50,754		207,677		1,040,439	
-		(895,079)		-	
-		(3,045)		(83,035)	
143,273		(237,709)		1,211,578	
1,805,429		12,498,216		(878,662)	
-		-		685,765	
-		-		(996,056)	
1,805,429		12,498,216		(1,188,953)	
20,953,554		138,005,866		55,521,117	
22,758,983	\$	150,504,082	\$	54,332,164	

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2014

	Water	Parking
Cash flows from operating activities:		
Receipts from customers	\$ 51,351,643	2,574,021
Receipts from interfund services provided	-	-
Receipts from other operating sources	348,427	2,330,002
Payments to suppliers for goods and services	(35,745,846)	(1,568,871)
Payments from interfund services used	-	-
Payments to employees	(4,213,735)	(720,605)
Net cash provided by operating activities	11,740,489	2,614,547
Cash flows from noncapital financing activities:		
Intergovernment contribution	-	-
Transfer in	-	-
Transfer out	-	-
Net cash provided (used) by noncapital financing activities	-	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,417,768)	(13,063)
Retirement of long-term liabilities	(1,038,872)	(1,625,000)
Interest paid	(670,491)	(198,200)
Net cash used by capital and related financing activities	(5,127,131)	(1,836,263)
Cash flows from investing activities:		
Interest received	84,666	29,948
Net increase in the fair value of investment	360,219	-
Net cash provided by investing activities	444,885	29,948
Net increase in cash and cash equivalents	7,058,243	808,232
Cash and cash equivalents - beginning	24,942,092	5,871,138
Cash and cash equivalents - ending (Includes restricted assets)	\$ 32,000,335	6,679,370

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

Page 2 of 4

		Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Sewer	Nonmajor	Totals		
5,040,024	21,912,560	\$ 80,878,248	\$	-
-	-	-		55,814,496
-	7,103,148	9,781,577		4,317,414
(2,243,321)	(22,159,439)	(61,717,477)		(42,343,481)
-	-	-		(2,092,784)
(1,866,883)	(4,002,509)	(10,803,732)		(13,956,502)
929,820	2,853,760	18,138,616		1,739,143
-	181,142	181,142		-
-	-	-		10,000
-	-	-		(320,291)
-	181,142	181,142		(310,291)
(821,904)	(73,829)	(4,326,564)		(748,690)
-	-	(2,663,872)		-
-	-	(868,691)		-
(821,904)	(73,829)	(7,859,127)		(748,690)
30,559	46,012	191,185		340,532
-	-	360,219		939,880
30,559	46,012	551,404		1,280,412
138,475	3,007,085	11,012,035		1,960,574
6,059,556	8,014,534	44,887,320		73,167,485
6,198,031	11,021,619	\$ 55,899,355	\$	75,128,059

Continued

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2014

	Water	Parking
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 8,602,951	2,211,914
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	2,194,392	294,971
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(1,185,189)	133,316
Decrease (increase) in inventory of supplies	-	-
Increase (decrease) in accounts payable	1,652,553	(38,037)
Increase (decrease) in compensated absences payable	254,841	3,182
Increase (decrease) in deposits payable	29,392	-
Increase (decrease) in retention payable	105,166	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in postemployment benefits obligation	86,383	9,201
Net cash provided by operating activities	<u>\$ 11,740,489</u>	<u>2,614,547</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	<u>\$ 360,219</u>	<u>-</u>

See accompanying Notes to the Basic Financial Statements.

Sewer	Nonmajor	Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
		Total		
258,904	1,662,156	\$ 12,735,925	\$ (2,090,240)	
516,357	451,503	3,457,223	2,043,031	
22,830	397,817	(631,226)	(330,163)	
-	-	-	81,562	
85,258	185,821	1,885,595	120,123	
7,590	74,207	339,820	328,971	
-	-	29,392	-	
-	-	105,166	-	
-	-	-	1,245,034	
38,881	82,256	216,721	340,825	
<u>929,820</u>	<u>2,853,760</u>	<u>\$ 18,138,616</u>	<u>\$ 1,739,143</u>	
<u>-</u>	<u>-</u>	<u>\$ 360,219</u>	<u>\$ 939,880</u>	

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Santa Ana Redevelopment Agency	
	Private-Purpose Trust Fund	Agency
Assets		
Current assets:		
Cash and investments (Note 4A)	\$ 53,114,944	\$ 20,298,999
Cash and investments with fiscal agents	6,679,224	-
Receivables:		
Accounts	18,544	-
Loans and notes	-	234,333
Interest	11,363	7,802
Land held for redevelopment	278,200	-
Nondepreciable capital assets	593,919	-
Total assets	<u>\$ 60,696,194</u>	<u>\$ 20,541,134</u>
Deferred outflows of resources:		
Deferred charge on refunding, net of accumulated amortization	<u>\$ 983,795</u>	<u>\$ -</u>
Liabilities		
Accounts payable (Note 7)	\$ 28,412,701	\$ 11
Interest payable	2,321,727	-
Notes payable	-	234,333
Due to City employees	-	3,829,763
Due to governmental agencies	-	16,477,027
Advance from other funds	4,751,291	-
Long-term liabilities:		
Due within one year	4,297,067	-
Due in more than one year	99,410,588	-
Total liabilities	<u>\$ 139,193,374</u>	<u>\$ 20,541,134</u>
Net position (deficit)		
Held in trust for other purposes	<u>\$ (77,513,385)</u>	<u>\$ -</u>

See accompanying Notes to the Basic Financial Statements.

PRIVATE-PURPOSE TRUST FUND

Statement of Changes in Fiduciary Net Position
Santa Ana Redevelopment Agency Private-Purpose Trust Fund
Year ended June 30, 2014

Additions:

Property taxes	\$	4,339,627
Investment earnings		112,526
Other		<u>943,374</u>
Total additions		<u>5,395,527</u>

Deductions:

Program expenses		3,442,428
Administrative expenses		246,282
Payment to Orange County Auditor Controller		31,574,302
Interest and fiscal agency expenses		<u>6,224,918</u>
Total deductions		<u>41,487,930</u>

Change in net position		(36,092,403)
Net position (deficit) - beginning, as restated (Note 1E)		<u>(41,420,982)</u>
Net position (deficit) - ending	\$	<u><u>(77,513,385)</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, 2014

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 indicated 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. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments in lieu of taxes where the amount are reasonably equivalent in value to the interfund services provided and other charges between the government's water functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

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, stores and property control, the administration of the self-insurance programs, installation and maintenance of all data networking and financial management systems, engineering, designing, project management and construction services, and training and support services provided to other departments or agencies of the City, on a cost reimbursement basis.

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

Santa Ana Redevelopment Agency Private-Purpose Trust Fund. This fund accounts for the receipt of property tax revenues pursuant to the Dissolution Act and the value of assets transferred from the former RDA. The fund accounts for the expenses incurred during the reporting year pursuant to the Recognized Obligation Payment Schedules (ROPS) approved by the State Department of Finance under the Dissolution Act. (AB 26 –Section 34177)

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 considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling the cash and investments of all funds, including the City's enterprise, internal service, agency funds and private-purpose trust fund. As amounts are available to these funds on demand, 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, Payables, Transfers and Advances. During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise

funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amount as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that the net amount is included as transfers in the business-type activities column.

Property Taxes. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in September and are payable in two installments due on November 1, and February 1, and are considered delinquent after December 10 and April 10, respectively. The County of Orange, California bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied on the government-wide statements, and to the extent that they result in current receivables within 60 days in the governmental funds financial statements.

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

Inventories and prepaid items. Inventories of materials and supplies are valued at average cost. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting period and recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Land Held for Resale. Land held for resale is carried at the lower of cost or estimated net realizable value, as determined upon the execution of a disposition and development agreement.

Restricted Assets. Certain proceeds of the City's long-term debt proceeds are classified as restricted assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Capital Assets. Capital assets, which include property, plant, equipment, library materials, intangible items, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of one year or more. Bulk purchases of library materials with unit costs of less than \$5,000 are capitalized as a group. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$8,079,922. 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, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Life</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
Computers and other equipment	3-15
Library materials	6
Intangible assets	5-20

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City of Santa Ana has one type of item that qualifies for reporting in this category. They are the deferred charges on refunding reported in the government-wide statement of net position and proprietary statement of revenues, expenses and changes in fund net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Prior to the implementation of GASB 65, the deferred charges on refunding were recorded as a net to Revenue Bonds Payable and Certificate of Participation Payable (non-current debt payable).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future periods and so will *not* be recognized as an outflow of resources (revenue) until that time. The City of Santa Ana has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: 1) Revenues that are not collected during the “availability period”. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period; 2) An offset account to the long-term loans reported in the Special Revenue Grants and Capital Projects Housing Successor Agency of the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

Long-term Obligations. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund type statement of net position or private-purpose trust fund. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Effective this fiscal year, bond issuance costs are now expensed.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized in the period the debt is issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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, 2014, 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 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.

E. New Accounting Pronouncements

In April 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB No. 65”). This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the retroactive application of GASB No. 65 during the year ended June 30, 2014, the City has recognized expenses of approximately \$1.6 million in the governmental activities and \$0.6 million in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund for fees related to the issuance of the 2007 Gas Tax Revenue Certificates of Participation and 2011A Tax Allocation Bonds, which had previously been recognized as assets and eliminated related amortization expense. Net position as of June 30, 2013 was adjusted for the effect of retroactive application of the new standard.

Governmental Activities:

	As Originally Reported	Effect of Change	As Restated
Net position, June 30, 2012	\$ 1,048,073,349	\$ -	\$ 1,048,073,349
Reduction in net position to remove unamortized bond issuance costs	13,167,870	(1,593,578)	11,574,292
Net position, June 30, 2013	\$ 1,061,241,219	\$ (1,593,578)	\$ 1,059,647,641

Private-Purpose Trust Fund:

	As Originally Reported	Effect of Change	As Restated
Net position, June 30, 2012	\$ (40,789,998)	\$ -	\$ (40,789,998)
Reduction in net position to remove unamortized bond issuance costs	(40,757)	(590,227)	(630,984)
Net position, June 30, 2013	\$ (40,830,755)	\$ (590,227)	\$ (41,420,982)

Issued in March 2012, GASB Statement No. 66, “*Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62,*” resolves conflicting guidance that resulted from the issuance of previously issued pronouncements. This statement had no impact on the City’s financial statements.

Issued in April 2013, GASB Statement No. 70, “*Accounting and Financial Reporting for Nonexchange Financial Guarantees,*” requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability in its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. A nonexchange financial guarantee is a credit enhancement or assurance offered by a guarantor without receiving equal or approximately equal value in exchange. This statement had no impact on the City’s financial statements.

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

Issued in June 2012, GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions,*” replaces the requirements of previously issued statements as they relate to governments that provide pensions through pension plans administered by trusts or similar arrangements that meet certain criteria. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability. Governments will report in their financial statements a net pension liability that represents the difference between the total pension liability and the pension plan’s fiduciary net position. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including descriptive information about the types of benefits available, how to determine the amount of pension plan contributions, and assumptions and methods used in calculating the pension liability. This statement requires the City to record a liability and expense equal to their proportionate share of the collective net pension liability and expense of the City’s single-employer defined benefit pension plan. Implementation of this statement is effective fiscal year 2015.

Issued in January 2013, GASB Statement No. 69, “*Government Combinations and Disposals of Government Operations,*” establishes accounting and financial reporting standards related to mergers, acquisitions, transfers of operations, and disposal of operations applicable to state and local governmental entities. Implementation of this statement is effective fiscal year 2015.

Issued in November 2013, GASB Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68,*” amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. GASB Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this statement are required to be applied simultaneously with the provisions of GASB Statement No. 68. Implementation of this statement is effective fiscal year 2015.

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 \$168,309,211 differs from "net position" of governmental activities \$1,096,476,524 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 is 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	\$	1,323,683,243
Accumulated depreciation		<u>(401,462,264)</u>
Total capital related items, net		<u><u>922,220,979</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 \$32,796,333 are included in the internal service funds adjustment.

Certificates of participation	\$	(63,220,000)
Lease revenue bonds payable		(33,550,000)
Private Placement Financing		(45,060,000)
Long-term loans payable		(822,967)
Compensated absences payable		(20,313,370)
Postemployment benefit obligation		(11,221,633)
Bond discount		844,955
Deferred charge on refunding		<u>7,839,242</u>
Total governmental activities long-term debt	\$	<u><u>(165,503,773)</u></u>

Internal Service Funds

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

Internal service - net position	\$	<u><u>54,332,164</u></u>
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Unavailable Revenues

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

Net reclassifications	\$ <u>117,117,943</u>
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B. Explanation of Differences between Governmental Funds Operating Statements and the Statement of Activities

The “net change in fund balances” for governmental funds \$33,282,509 differs from the “change in net position” for governmental activities \$36,828,883 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 (\$1,377,376) are not reflected in the adjustment below:

Capital outlay	\$ 10,801,157
Capital Contribution	(3,285,586)
Depreciation expense	(19,678,407)
Net deletions	<u>(222,887)</u>
Difference	\$ <u>(12,385,723)</u>

Long-term Debt Transactions

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

Postemployment benefits obligation (less \$340,825 in internal service fund liabilities)	\$ <u>(896,513)</u>
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NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

Principal payments made:

Police administrative and holding facility		
lease revenue bonds	\$	38,235,000
Certificates of participation		9,690,000
Long-term loans payable		283,907
Capitalized lease obligations		<u>166,487</u>
Total principal repayments		<u>48,375,394</u>
Proceeds from long-term loan		(45,814,479)
Amortization of bonds issued premium		238,350
Amortization of bonds issued discount		(32,498)
Deferred charges on refunding		7,594,889
Net change in compensated absences		<u>(206,194)</u>
Net change	\$	<u>10,155,462</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>11,443</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		\$ <u>(1,188,953)</u>
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Unavailable Revenues

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

Revenue adjustment		\$ <u>7,850,658</u>
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Note 3. FUND DEFICITS

At June 30, 2014, the deficit of \$1,721,361 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 \$23,392 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.

Note 4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash and investments		\$ 249,466,897
Restricted assets:		
Cash and investments		9,012,464
Cash and investments with fiscal agents		7,628,895
Statement of fiduciary net position:		
Cash and investments		73,413,943
Cash and investments with fiscal agents		<u>6,679,224</u>
	Total cash and investments	<u>\$ 346,201,423</u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 855,065
Deposits with financial institutions	23,671,641
Investments	<u>321,674,717</u>
Totals	<u>\$ 346,201,423</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 by the California Government Code and the City’s investment policy. The table also identifies certain provisions of the California Government Code (or the City’s investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The investment types that are restricted by the City’s investment policy are Reverse Repurchase Agreements, County Pooled Investment Funds, and JPA Pools. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Investments Authorized by Debt Agreements

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 17, 2013, interest rate risk may be mitigated by structuring the fund so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. The cash flow is updated on a daily basis and will be considered prior to the investment of securities, which will reduce the necessity to sell investments for liquidity purposes.

Information about the sensitivity of the fair values of the City’s investments to market interest rate fluctuations is provided in the following table reflecting the distribution of the City’s investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be maturing at the next call date:

Investment Type	Total	Remaining Maturity (in months)		
		12 Months or Less	13 to 24 Months	25-60 Months
Federal Agency Securities	\$ 212,735,689	\$ 149,541,127	\$ 15,000,789	\$ 48,193,773
Commercial Paper Discount	60,000,000	60,000,000	-	-
Local Agency Investment Fund	34,959,018	34,959,018	-	-
Held by Fiscal Agent:				
Money Market Funds	7,300,791	7,300,791	-	-
Federal Agency Securities	6,679,219	6,679,219	-	-
	<u>\$ 321,674,717</u>	<u>\$ 258,480,155</u>	<u>\$ 15,000,789</u>	<u>\$ 48,193,773</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	\$ 48,193,773

Disclosures Relating to Credit Risk

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Investment Type	Total	Minimum Legal Rating	Rating as of Year End	
			Aaa	Not Rated
Federal Agency Securities	\$ 212,735,689	N/A	\$ 212,735,689	\$ -
Commercial Paper Discount	60,000,000	N/A	60,000,000	-
Local Agency Investment Fund	34,959,018	N/A	-	34,959,018
Held by Fiscal Agent:				
Money Market Funds	7,300,791	A	4,384,240	2,916,551
Federal Agency Securities	6,679,219	N/A	6,679,219	-
	<u>\$ 321,674,717</u>		<u>\$ 283,799,148</u>	<u>\$ 37,875,569</u>

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal agency securities	\$ 14,728,973
Federal Home Loan Bank	Federal agency securities	45,870,374
Federal Home Loan Mortgage Corp.	Federal agency securities	63,719,185
Federal National Mortgage Association	Federal agency securities	37,725,962
Federal Farm Credit Bank	Federal agency securities	60,429,543

Investments in any one issuer that represent 5% or more of total investments by reporting unit (governmental activities, major fund, nonmajor fund in the aggregate, etc.) are \$4,212,788, \$6,679,220 that were held by the bonds trustee of cash and investments pool. The amount of \$4,212,788 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 \$6,679,220 reported in the Successor Agency to the Santa Ana Redevelopment Private-Purpose Trust fund is held in the form of Federal Agency Security (the issuer).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total

amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2014, 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, 2014 was approximately \$21.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2014 had a balance of approximately \$64.8 billion, of that amount 1.86% (approximately \$1.21 billion) was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 232 days as of June 30, 2014.

NOTES TO THE BASIC FINANCIAL STATEMENTS

B. Capital Assets. Capital asset activity for the year ended June 30, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,103,459	\$ 151,500	\$ -	\$ 13,254,959
Right of Way	427,898,325	718,452	-	428,616,777
Street Trees	7,031,327	-	-	7,031,327
Construction in progress	<u>174,273,269</u>	<u>20,758,096</u>	<u>(18,463,557)</u> (1)	<u>176,567,808</u>
Total capital assets, not being depreciated	<u>622,306,380</u>	<u>21,628,048</u>	<u>(18,463,557)</u>	<u>625,470,871</u>
Capital assets being depreciated:				
Buildings	198,606,231	-	-	198,606,231
Improvements	74,483,376	371,977	-	74,855,353
Equipment	54,022,392	1,676,966	(9,541,204)	46,158,154
Infrastructure	393,676,453	2,758,174	(1,111,212)	395,323,415
Computer Softwares	6,244,193	-	-	6,244,193
Library materials	<u>7,194,231</u>	<u>292,653</u>	<u>(219,758)</u>	<u>7,267,126</u>
Total capital assets being depreciated	<u>734,226,876</u>	<u>5,099,770</u>	<u>(10,872,174)</u>	<u>728,454,472</u>
Less: Accumulated depreciation for:				
Buildings	(118,190,648)	(5,926,996)	-	(124,117,644)
Improvements	(42,545,682)	(2,423,451)	-	(44,969,133)
Equipment	(44,756,579)	(2,203,748)	9,458,169	(37,502,158)
Infrastructure	(200,052,839)	(10,221,386)	888,368	(209,385,857)
Computer softwares	(728,489)	(624,419)	-	(1,352,908)
Library materials	<u>(6,128,231)</u>	<u>(321,438)</u>	<u>219,715</u>	<u>(6,229,954)</u>
Total Accumulated depreciation	<u>(412,402,468)</u>	<u>(21,721,438)</u>	<u>10,566,252</u>	<u>(423,557,654)</u>
Capital assets being depreciated, net	<u>321,824,408</u>	<u>(16,621,668)</u>	<u>(305,922)</u> (2)	<u>304,896,818</u>
Governmental activities capital assets, net	<u>\$ 944,130,788</u>	<u>\$ 5,006,380</u>	<u>\$ (18,769,479)</u>	<u>\$ 930,367,689</u>

(1) FY 2014 \$15,333,407 was recognized in property surplus land held for resale.

(2) Included \$18,911 and \$64,124 loss on disposal assets for Central Services, and Equipment Maintenance and Replacement, the internal service funds.

CITY OF SANTA ANA

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,987,085	\$ -	\$ -	\$ 7,987,085
Construction in progress	10,981,959	3,799,174	(2,747,288)	12,033,845
Total capital assets not being depreciated	<u>18,969,044</u>	<u>3,799,174</u>	<u>(2,747,288)</u>	<u>20,020,930</u>
Capital assets being depreciated:				
Buildings	8,831,492	-	-	8,831,492
Improvement other than buildings	153,306,005	2,747,288	(37,617)	156,015,676
Equipment	14,134,581	527,390	(13,854)	14,648,117
Parking structures	19,565,852	-	-	19,565,852
Computer Software	278,589	-	-	278,589
Total capital assets being depreciated	<u>196,116,519</u>	<u>3,274,678</u>	<u>(51,471)</u>	<u>199,339,726</u>
Less: Accumulated depreciation for:				
Buildings	(6,272,030)	(218,482)	-	(6,490,512)
Improvement other than buildings	(82,064,536)	(2,613,233)	34,571	(84,643,198)
Equipment	(9,815,704)	(196,175)	13,855	(9,998,024)
Parking structure	(8,789,698)	(415,404)	-	(9,205,102)
Computer software	(41,788)	(13,929)	-	(55,717)
Total Accumulated depreciation	<u>(106,983,756)</u>	<u>(3,457,223)</u>	<u>48,426</u>	<u>(110,392,553)</u>
Capital assets being depreciated, net	<u>89,132,763</u>	<u>(182,545)</u>	<u>(3,045)</u>	<u>88,947,173</u>
Business-type activities capital assets, net	<u>\$ 108,101,807</u>	<u>\$ 3,616,629</u>	<u>\$ (2,750,333)</u>	<u>\$ 108,968,103</u>

	June 30, 2014
Governmental activities:	
General government	\$ 1,386,040
Museum	435,649
Library	381,391
Recreation and community services	2,088,472
Police	4,042,119
Fire	481,533
Planning Building	2,985
Public works	10,560,154
Community development	300,064
Capital assets held by the City's internal services funds are charged to the various functions based on their usage of the assets	<u>2,043,031</u>
Total depreciaton expense-governmental activities	<u>\$ 21,721,438</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

	June 30, 2014
Business-type activities:	
Water	\$ 2,194,392
Parking	294,971
Sewer	516,357
Transportation Center	422,193
Sanitation	1,959
Federal Clean Water	27,351
Total depreciation expense - business-type activities	\$ 3,457,223

Successor Agency capital asset activities for the year ended June 30, 2014 is as follows:

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

Construction Commitments

The City has active construction projects as of June 30, 2014. 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	\$ 197,766,897	\$ 105,005,423	\$ 302,772,320
Park improvements	6,589,776	10,640,870	17,230,646
Water system improvements	4,659,072	6,669,224	11,328,296
Sewer improvements	7,762,368	5,361,667	13,124,035
Other improvements	8,504,264	7,117,676	15,621,940

C. Interfund Receivables, Payables, Transfers and Advances. The composition of interfund balances as of and for the year ended June 30, 2014 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	\$ 1,212,396	\$ 1,212,396
Total	<u>\$ 1,212,396</u>	<u>\$ 1,212,396</u>

The non-major Capital Project Grant Funds and the non-major Special Revenue Civic Center Maintenance Fund received temporary advances from the Liability and Property Insurance, an Internal Service Fund, to cover deficit cash balances in the amount of \$1,143,662 and \$68,734 respectively. Subsequent collection of the receivables from the granting agencies will repay the advances.

Interfund Transfers:

	<u>Transfers In</u>					Total
	General Fund	Street Construction Capital Projects Fund	SAFA Debt Service Fund	Non-Major Special Revenue Fund	Internal Service Funds	
Transfers Out						
General Fund	\$ -	-	9,066,150	600,000	-	\$ 9,666,150
Special Revenue Gas Tax Fund	-	2,509,291	-	-	10,000	2,519,291
Internal Service Funds	320,291	-	-	-	675,765	996,056
Total	<u>\$ 320,291</u>	<u>2,509,291</u>	<u>9,066,150</u>	<u>600,000</u>	<u>685,765</u>	<u>\$ 13,181,497</u>

The General Fund received transfers of \$320,291 from Internal Service Funds consisting of: 1) \$222,232 transfers from the Engineering and Administrative Internal Service Fund for its share in the energy conservation capital lease payment; 2) \$98,059 transfers from the Building Maintenance for its share in the City Hall Expansion Certificates of Participation payment.

The SAFA Debt Service Fund received a transfer of \$9,066,150 from the General Fund for payment of the police lease revenue bonds debt service.

The amount of \$2,509,291 was received in the Street Construction Capital Projects Fund from Special Gas Tax Fund to reimburse the Street Construction Fund for eligible street related construction and maintenance costs. The nonmajor Special Revenue Funds received transfers of \$600,000 representing the General Fund's support for Civic Center and Centennial Park maintenance.

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.

The Store & Property Control Internal Service Fund separately reported from Equipment Maintenance and Replacement Internal Service Fund in fiscal year 13-14. The amount of \$675,765 represented the store inventory value transferred from Equipment Maintenance and Replacement Internal Service Fund.

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
		\$ 7,671,291

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.

D. Long-Term Liabilities. The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2014:

	Beginning Balance	Adjustment per GASB65 *	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:						
Capital leases	\$ 166,487	\$ -	\$ -	\$ 166,487	\$ -	\$ -
Certificates of participation	72,910,000	-	-	9,690,000	63,220,000	1,325,000
Lease revenue bonds	71,785,000	-	-	38,235,000	33,550,000	2,515,000
Private placement financing	-	-	45,060,000	-	45,060,000	440,000
Long-term loans & other payables	352,396	-	754,479	283,908	822,967	102,960
Less: Deferred amount on refunding	(244,353)	-	-	(244,353)	-	-
Bond discount	(877,453)	-	-	(32,498)	(844,955)	-
Add: Bond premium	238,350	-	-	238,350	-	-
Total bonds payable, long-term loans and capital leases	144,330,427	-	45,814,479	48,336,894	141,808,012	4,382,960
Compensated absences payable	21,777,668	-	8,837,026	8,301,859	22,312,835	5,578,209
Claims payable - worker's comp	20,058,450	-	4,867,205	4,563,093	20,362,562	4,200,000
Claims payable - liability insurance	6,558,060	-	3,979,098	3,038,176	7,498,982	2,186,057
Governmental activities Long-term liabilities	\$ 192,724,605	\$ -	\$ 63,497,808	\$ 64,240,022	\$ 191,982,391	\$ 16,347,226
Business-type activities:						
Revenue bonds payable	\$ 13,685,000	\$ -	\$ -	\$ 900,000	\$ 12,785,000	\$ 12,785,000
Refunding COP	4,075,000	-	-	1,625,000	2,450,000	1,895,000
Notes payable	825,511	-	-	172,473	653,038	178,562
Less: Deferred amounts	(1,056,729)	887,632	-	(169,097)	-	-
Add: Bond premium	518,403	-	-	90,452	427,951	301,938
Total bonds payable and long-term notes payable	18,047,185	887,632	-	2,618,828	16,315,989	15,160,500
Compensated absences payable	1,466,023	-	1,045,189	705,369	1,805,843	451,462
Business-type activities Long-term liabilities	\$ 19,513,208	\$ 887,632	\$ 1,045,189	\$ 3,324,197	\$ 18,121,832	\$ 15,611,962

* Due to implementation of GASB 65, the deferred amount on refunding is recorded as deferred outflows of resources in the Government-wide Financial Statements.

Internal service funds predominantly serve the governmental funds. Accordingly, \$27.9 million of claims payable is included as part of the above totals for governmental activities.

At year-end, \$2.0 million of internal service funds compensated absences are included in the above amounts. For governmental activities, claims and judgments and compensated absences are generally liquidated by the General fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The following is a summary of changes in long-term liabilities of Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust for the fiscal year ended June 30, 2014:

	Beginning Balance	Adjustment per GASB65 *	Additions	Reductions	Ending Balance	Due Within One Year
Private-purpose trust activities:						
Tax allocation bonds	\$ 83,170,000	\$ -	\$ -	\$ 580,000	\$ 82,590,000	\$ 605,000
Tax allocation refunding bonds	17,080,000	-	-	2,085,000	14,995,000	2,200,000
Long-term loans	6,220,687	-	-	1,170,678	5,050,009	1,482,903
Less: Deferred amount on refunding	(1,180,555)	983,795	-	(196,760)	-	-
Bond discount	(283,498)	-	-	(37,384)	(246,114)	-
Add: Bond premium	1,145,098	-	-	190,849	954,249	-
Total bonds payable, long-term	<u>106,151,732</u>	<u>983,795</u>	<u>-</u>	<u>3,792,383</u>	<u>103,343,144</u>	<u>4,287,903</u>
Compensated absences payable	35,249	-	11,393	9,986	36,656	9,164
OPEB	320,694	-	7,161	-	327,855	-
Private-purpose trust						
Long-term liabilities	<u>\$ 106,507,675</u>	<u>\$ 983,795</u>	<u>\$ 18,554</u>	<u>\$ 3,802,369</u>	<u>\$ 103,707,655</u>	<u>\$ 4,297,067</u>

* Due to implementation of GASB 65, the deferred amount on refunding is recorded as deferred outflows of resources in the Statement of Fiduciary Net Position.

A description of each long-term debt obligation follows:

CAPITALIZED LEASE OBLIGATIONS

Outstanding
Balance
June 30, 2014

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 capital lease obligation was fully paid in FY13-14 and there is no remaining balance as of June 30, 2014.

CERTIFICATES OF PARTICIPATION (COP)

Certificates of Participation (City Hall Expansion Project). On January 13, 1998, Certificates of Participation amounting to \$12.5 million were issued by the Santa Ana Financing Authority to finance the construction of an expansion to the City of Santa Ana City Hall building. The 2014 Private Placement Financing was issued to refund the Certificate of Participation. There is no remaining balance as of June 30, 2014.

Outstanding
Balance
June 30, 2014

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

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

These revenues have been pledged until fiscal year 2040. Total debt service amount for the certificates of participation is \$112.2 million. Pledged gas tax revenues recognized during the fiscal year ended June 30, 2014 was \$11.0 million as against the total debt service payment of \$4.2 million. At June 30, 2014, the reserve balance is \$4.2 million.

Total Certificates of Participation \$63,220,000

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

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,325,000	\$ 2,857,681
2016	1,380,000	2,794,681
2017	1,450,000	2,723,932
2018	1,525,000	2,649,556
2019	1,600,000	2,574,431
2020-2024	9,075,000	11,787,439
2025-2029	11,220,000	9,579,847
2030-2034	14,035,000	6,687,759
2035-2039	17,595,000	3,054,631
2040	4,015,000	98,481
Total	<u>\$ 63,220,000</u>	<u>\$ 44,808,438</u>

Outstanding
Balance
June 30, 2014

LEASE REVENUE BONDS

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

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

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

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

Total Lease Revenue Bonds	<u>\$33,550,000</u>
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Combined lease revenue bonds debt service requirements to maturity are as follows: Outstanding
Balance
June 30, 2014

Period Ending June 30	Principal	Interest
2015	\$ 2,515,000	\$ 2,096,875
2016	2,672,500	1,939,688
2017	2,840,000	1,772,657
2018	3,017,500	1,595,157
2019	3,205,000	1,406,563
2020-2024	19,300,000	3,764,689
Total	<u>\$ 33,550,000</u>	<u>\$ 12,575,629</u>

PRIVATE PLACEMENT FINANCING

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

\$45,060,000

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

Period Ending June 30	TPB Investment, Inc.		Compass Mortgage Corporation		Capital One Public Funding, LLC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	\$ 391,576	\$ -	\$ 177,989	\$ 440,000	\$ 250,953	\$ 440,000	\$ 820,518
2016	1,870,000	699,358	850,000	317,890	890,000	444,545	3,610,000	1,461,793
2017	1,955,000	635,863	890,000	289,006	930,000	412,665	3,775,000	1,337,534
2018	2,020,000	569,878	920,000	258,960	960,000	379,454	3,900,000	1,208,292
2019	2,085,000	501,735	950,000	227,918	995,000	345,100	4,030,000	1,074,753
2020-2024	11,530,000	1,403,862	5,235,000	637,357	5,540,000	1,166,125	22,305,000	3,207,344
2025-2028	2,540,000	42,164	1,155,000	19,173	3,305,000	269,878	7,000,000	331,215
Total	<u>\$ 22,000,000</u>	<u>\$ 4,244,436</u>	<u>\$ 10,000,000</u>	<u>\$ 1,928,293</u>	<u>\$ 13,060,000</u>	<u>\$ 3,268,720</u>	<u>\$ 45,060,000</u>	<u>\$ 9,441,449</u>

Outstanding
Balance
June 30, 2014

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 was fully paid in FY13-14 and there was no remaining balance as of June 30, 2014.

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 \$853,973. The costs are repaid from energy savings over a period of ten years. For fiscal year 2013-14, the total energy savings is \$50,402 and the unpaid balance as of June 30, 2014 is \$822,967.

Period Ending <u>June 30</u>	<u>Principal</u>
2015	\$ 102,960
2016	102,960
2017	102,469
2018	101,388
2019	100,928
2020-2024	<u>312,262</u>
Total	<u>\$ 822,967</u>

Total Long-Term Loans and Other Payable \$822,967

Compensated Absences. Accrued vacation (\$12,487,159) represents total vested vacation benefits for all City employees in the governmental funds. Sick leave benefits (\$9,825,676) 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, 2014. Also included herein is \$1,999,465 representing accrued vacation and sick leave benefits for employees, in the Internal Service Funds.

\$22,312,835

Outstanding
Balance
June 30, 2014

LONG-TERM DEBT DEFEASED

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

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 \$20.1million 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 \$18.0 million. Pledged revenue recognized during the fiscal year ended June 30, 2014 was \$10.8 million as against total debt payment of \$1.5 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.

\$12,785,000

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

Period Ending		Principal	Interest
June 30			
2015	\$	930,000	\$ 578,031
2016		965,000	544,266
2017		1,000,000	507,775
2018		1,040,000	462,775
2019		1,095,000	409,400
2020-2024		6,300,000	1,178,638
2025		1,455,000	36,375
Total	\$	<u>12,785,000</u>	<u>\$ 3,717,260</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:

	<u>June 30, 2014</u>
Operating revenue	\$ 52,855,867
Operating expenses (net of depreciation expense of \$ 2,194,392)	<u>42,058,524</u>
Net revenue	<u>10,797,343</u>
Amount required for payment of principal and interest payable for the year ended June 30, 2015 (\$1,508,031 x 1.20)	<u>1,809,637</u>
Excess of net revenue over amount required \$	<u><u>8,987,706</u></u>

CERTIFICATES OF PARTICIPATION (COP) – PARKING FUND

On April 2, 2003, Certificates of Participation 2003 Series A amounting to \$17.0 million were issued to current refund the \$16.9 million City of Santa Ana Certificates of Participation (Parking Facilities Refunding Project) Series 1993A, the \$1.9 million City of Santa Ana Certificates of Participation (Commercial Facilities Refunding Project), Series 1993B and the \$5.0 million City of Santa Ana Certificates of Participation (Mass Commuting Facility Refunding Project), Series 1993C. The Certificates mature serially through June 1, 2016 in amounts ranging from \$0.6 million to \$1.9 million and pay interest at rates varying from 2.5% to 5%. The City has covenanted in the Lease Agreement to make the Lease Payments for the Leased Property as provided for therein. Payments of the principal and interest are insured by a financial guaranty insurance policy issued by Ambac Assurance Corporation. The balance outstanding as of June 30, 2014 is \$2.5 million.

COP debt service requirements to maturity are as follows:

Year Ending		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,895,000	\$ 116,950
2016	<u>555,000</u>	<u>22,200</u>
Total	<u><u>\$ 2,450,000</u></u>	<u><u>\$ 139,150</u></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 \$2.9 million at an interest rate of 3.5%, payable semi-annually in the amount of \$0.1 million beginning March 15, 1998 and ending September 15, 2017. The balance of the note as of June 30, 2014 is \$0.7 million. The note is a liability of the City’s Water Enterprise Fund.

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

Period Ending June 30	Principal	Interest
2015	\$ 178,562	\$ 21,307
2016	184,867	15,003
2017	191,393	8,476
2018	98,216	1,719
Total	\$ <u>653,038</u>	\$ <u>46,505</u>

TAX ALLOCATION BONDS

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

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

As of February 1, 2012, the principal balance of \$16.9 million and the interest of \$8.5 million for bonds debt service requirements to maturity were transferred to the Community Development Agency (Successor Agency) and are recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2014 is \$15.8 million.

NOTES TO THE BASIC FINANCIAL STATEMENTS

	Outstanding Balance <u>June 30, 2014</u>
2003A Tax allocation bonds debt service requirements to maturity are as follows:	\$15,800,000

Period Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 605,000	\$ 670,620
2016	625,000	648,168
2017	650,000	624,255
2018	675,000	598,405
2019	700,000	570,905
2020-2024	3,985,000	2,378,302
2025-2029	4,985,000	1,385,437
2030-2032	<u>3,575,000</u>	<u>246,038</u>
Total	<u>\$ 15,800,000</u>	<u>\$ 7,122,130</u>

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

As of February 1, 2012, the principal balance of \$19.1 million and the interest of \$4.1 million for bonds debt service requirements to maturity were transferred to the Community Development Agency (Successor Agency) and are recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2014 is \$15.0 million.

\$14,995,000

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

Period Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
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	2,685,000	208,125
2020	<u>2,820,000</u>	<u>70,500</u>
Total	<u>\$ 14,995,000</u>	<u>\$ 2,357,875</u>

Outstanding
Balance
June 30, 2014

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

2011A Tax Allocation Bonds (Merged Project Area).

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

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

As of February 1, 2012, the principal balance of \$66.8 million and the interest of \$51.5 million for bonds debt service requirements to maturity were transferred to the Community Development Agency (Successor Agency) and are recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2014 is \$66.8 million.

\$66,790,000

Outstanding
Balance
June 30, 2014

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

Period Ending June 30	Principal	Interest
2015	\$ -	\$ 4,209,850
2016	-	4,209,850
2017	-	4,209,850
2018	805,000	4,189,725
2019	1,145,000	4,140,975
2020-2024	28,670,000	17,037,475
2025-2029	36,170,000	5,106,288
Total	\$ <u>66,790,000</u>	\$ <u>43,104,013</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 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

\$97,585,000

Outstanding
Balance
June 30, 2014

Santa Ana Venture Loan. In April 1984, the Redevelopment Agency entered into a participation agreement with the Santa Ana Venture, a joint venture between JMB/Federated Realty Association and Henry Segerstrom (the “Participants”), to provide for the rehabilitation and redevelopment of the Main Place project. This agreement provided for the Redevelopment Agency to acquire land within the project area and to sell it to the Participants subject to restrictive terms, conditions, and provisions set forth in the agreement. To fund the Redevelopment Agency’s acquisition of land and other related costs above the funding level made available by the Agency the Participants agreed to advance the Participant’s purchase price and to make available an unsecured loan of up to \$13.5 million to the extent total Agency costs exceeded \$29 million. The loan accrues interest at 10% per annum and is to be repaid solely from the annual tax increment accruing to the Agency from the project site, each year that the increment is in excess of the tax increment accruing in fiscal year 1984. As of February 1, 2012, the principal balance of \$6.2 million was transferred to the Successor Agency to the Community Development Agency and is recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. As of June 30, 2014, the unpaid accrued interest for the Santa Ana Venture Loan is \$0.4 million. The outstanding principal balance at June 30, 2014 is \$5.1 million.

\$ 5,050,009

- 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, 2014, the City and the Housing Authority of the City of Santa Ana issued residential mortgage revenue bonds totaling \$71.6 million. The proceeds of these bonds were used to purchase mortgage loans made to homeowners and developers for the purpose of financing single-family and multi-family dwellings.

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

Industrial Development Bond (IDB) Program:

The IDB Program encourages industrial and commercial development by arranging financing and assisting in the acquisition and development of authorized projects. The chief goals of the IDB Program are the creation and retention of jobs, and expansion of the tax base. The City has three avenues through which developers can pursue IDB financing: City Charter Authority, Health Facility Revenue Bonds, and Industrial Development Authority. As of June 30, 2014, four issues totaling \$12.4 million are outstanding (unaudited):

<u>Issuing Authority</u>	<u>Number of Issues</u>	<u>Amount</u>
City Charter Authority	1	\$ 4,168,000
Industrial Development Authority	<u>3</u>	<u>8,206,000</u>
	<u>4</u>	<u>\$12,374,000</u>

Rehabilitation Loan Program:

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

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

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

The City accounts for these programs in the Housing Rehabilitation Loan Program Agency Fund where amounts due as Notes Payable to other governmental agencies of \$234,333 are reflected at June 30, 2014.

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

Self-Funding Residential Rehabilitation Loan Program. During April 1983, the City Council implemented a self-funding residential loan program to replace the aforementioned interest rate buy-down programs implemented through banks and savings and loan associations. The program makes direct loans to qualifying persons for both single-family and multiple units in amounts up to \$30,000 at 5% to 8% interest amortized over 15 years for single-family units, and up to \$40,000 for 1 to 3 multiple units amortized over 10 years. Generally, all loans are due upon sale and are secured by a deed of trust. The program is funded by CDBG, HOME, other grant funds and property tax increment revenues prior to the Dissolution Act. At June 30, 2014 loans totaling \$49.6 million and \$61.3 million were recorded as "loans and notes receivable" in the Special Revenue Grants Fund and Capital Projects Housing Successor Agency fund, respectively.

F. Commitments

Appellate Court Garage Lease Agreement

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 \$6.0 million 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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 \$8.5 million to the City. On March 30, 2007, the Santa Ana Financing Authority and All Points Public Funding, LLC (now known as Capital One Public Funding, LLC) amended the Assigned Agreement to the lease amount of \$8.5 million. On June 1, 2014, the Assigned Agreement was amended to give the City a prepayment option and revised lease payment schedule. The amended Lease Payment schedule was computed at 3.6 % per annum on \$6.2 million as follows. The future minimum lease payments required under the term of the lease at June 30, 2014 totaled \$6.2 million.

Period Ending June 30	Principal Component	Interest Component	Total Lease Payment
2015	\$ 447,473	\$ 189,546	\$ 637,019
2016	434,103	202,916	637,019
2017	449,871	187,148	637,019
2018	466,212	170,807	637,019
2019	483,147	153,872	637,019
2020-2025	2,692,083	493,012	3,185,095
2026	1,218,707	55,331	1,274,038
	<u>\$ 6,191,596</u>	<u>\$ 1,452,632</u>	<u>\$ 7,644,228</u>

Encumbrances

Encumbrances represent commitments related to contracts not yet performed, and orders not yet filled and they are used to control expenditure commitments for the year and to enhance cash management. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget. The encumbrances balance at June 30, 2014, is \$7.5 million.

Encumbrances	June 30, 2014
General Fund	\$ 1,356,022
Special Revenue Grants	2,869,524
Capital Projects Housing Successor Agency	13,000
Capital Projects Street Construction	603,602
Nonmajor Special Revenue Fund	156,218
Nonmajor Capital Project Fund	95,960
Water	623,197
Parking	500,000
Sewer	751,110
Nonmajor Enterprise Funds	11,712
Internal Services Fund	551,817
	<u>\$ 7,532,162</u>

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 million 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, 2014, the outstanding losses for the workers' compensation and liability programs are reported at their discounted present value. The outstanding losses are discounted at a 2.0% annual interest rate to reflect future investment earnings. The present value computations were performed by an independent casualty actuary, in connection with their actuarial study of the City's self-insured workers' compensation and liability programs undertaken as of June 30, 2014.

Changes in the balances of claims liabilities since July 1, 2012 resulted from the following:

	<u>Workers'</u>		
	<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>

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

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, 2014 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. On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. Participants who joined CalPERS on or after January 1, 2013 (new members) are required to contribute at least 50% of the normal cost rate. In fiscal year 2013-14, the rate is 6.75% (12.25% for safety employees) of the new members' annual covered salary. As an employer, the City is required to contribute an actuarially determined percentage rate of annual covered payroll. The fiscal year 2013-14 rate was 29.4% for the safety employees and

22.8% 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, 2013, actuarial valuation is as follows:

(a) Entry Age Normal Actuarial Accrued <u>Liability (AAL)</u>	(b) Market 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
<u>Miscellaneous Plan</u>					
\$ 698,662	\$ 499,168	\$ 199,494	71.4%	\$ 55,936	356.6%
<u>Safety Plan</u>					
\$ 918,159	\$ 688,129	\$ 230,030	74.9%	\$ 36,682	627.1%

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 2013-14, the City's annual pension cost of \$23,603,033 for CalPERS was equal to the City's required and actual contributions. For fiscal year 2013-14, total member's contribution to CalPERS, including contributions on behalf of employees, was \$31,631,621. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included:

Retirement Program

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy, which spread investment returns over a 15-year period while experience gains and losses were amortized over a rolling 30-year period. Effective with the June 30, 2013 valuations, CalPERS will no longer use an actuarial value of assets but instead a market value of assets and will employ an amortization and smoothing policy that will spread rate increases or decreases over a 5-year period, and will amortize all experience gains and losses over a fixed 30-year period. The new amortization and smoothing policy is used in June 30, 2013 valuation, estimating the amortization period of the unfunded actuarial liability ends by June 30, 2038.

Initial unfunded liabilities are amortized over a closed period that depends on the plan’s date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year period with Direct Rate Smoothing with a 5-year ramp up/ramp down. If the plan’s accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

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>
06/30/12	\$ 23,318	100%	-
06/30/13	21,081	100%	-
06/30/14	23,603	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. On July 1, 2013, PMA established a Retiree Health Saving Plan with ICMA-RC account for each individual PMA members. City continues making available amount equal to a negotiated percent of the PMA bargaining units’ salary base to each individual PMA member. This arrangement satisfies the GASB 45 definition of defined contribution plan. Accordingly the projected benefits liability for the PMA subsidy plan is eliminated for fiscal year 2014.

(B) *Eligibility.* Employees are eligible for retiree health benefits if they retire from the City within 120 days of separation and are at age 50 (age 52, if a new member on or after January a, 2012) with at least 5 years of service, and are eligible for a PERS pension. Membership of the plan consisted of the following at June 30, 2014:

	SEIU	PMA	SAMA	CASA
Retirees and beneficiaries receiving benefits	176	24	35	11
Terminated plan members entitled to but not yet receiving benefits	-	-	6	2
Active plan members	395	18	43	40
Total	571	42	84	53

(C) *Funding Policy.* The City has annually made available an amount equal to a negotiated percent of the respective bargaining units’ salary base. For fiscal year 2014, 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 2013-14 and the respective units’ balances available for benefits (not held in an irrevocable trust) at June 30, 2014 were as follows:

	<u>Contribution</u>	<u>Balance in Agency Fund</u>
POA	\$ 362,151	\$ N/A (1)
PMA	21,698 (2)	117,310
SEIU	498,617	596,698
SAMA	102,107	567,399
CASA	<u>57,649</u>	<u>302,941</u>
Total	<u>\$ 1,042,222</u>	<u>\$ 1,584,348</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 \$119 per annuitant per month. During fiscal year 2013-14, the total City’s PEMHCA contribution for retirees is \$437,400.

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 2014 is \$119 monthly under the unequal contributions provision based on year entering the plan with a 4.5% increase assumptions. The 2015 CalPERS monthly medical plan rates in the Southern California rate group are shown in the table below.

Southern California 2015 Health Plan Rates

Plan	Activies and Pre-Med Retirees			Medicare Eligible		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2
Anathem HMO select HMO	\$ 653.97	\$ 1,307.94	\$ 1,700.32	\$ 445.38	\$ 890.76	\$ 1,283.14
Anthem HMO Traditional HMO	743.12	1,486.24	1,932.11	445.38	890.76	1,336.63
Blue Shield Access+ HMO	598.66	1,197.32	1,556.52	352.63	705.26	1,064.46
Blue Shield NetValue HMO	561.09	1,122.18	1,458.83	352.63	705.26	1,041.91
Kaiser HMO	579.80	1,159.60	1,507.48	295.51	591.02	938.90
PERS Choice PPO	594.40	1,188.80	1,545.44	339.47	678.94	1,035.58
PERS Select PPO	585.58	1,171.16	1,522.51	339.47	678.94	1,030.29
PERS Care PPO	657.32	1,314.64	1,709.03	368.76	737.52	1,131.91

3. Annual OPEB Cost and Net OPEB Obligation

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

CITY OF SANTA ANA

(Dollar amounts in thousands)

	PMA	FBA	FMA	SEIU	SAMA	CASA	Total PEMHCA
PEMHCA							
Annual required contribution	\$ 77	\$ 188	\$ 2	\$ 860	\$ 143	\$ 73	\$ 1,343
Interest on net OPEB obligation	11	68	2	190	21	18	310
Adjustment to annual required contribution	(11)	(65)	(2)	(183)	(20)	(18)	(299)
Annual OPEB cost (expense)	77	191	2	867	144	73	1,354
Contribution made	(22)	(118)	(1)	(245)	(42)	(8)	(436)
Increase (decrease) in net OPEB obligation	55	73	1	622	102	65	918
Net OPEB obligation - beginning of year	283	1,686	57	4,756	532	457	7,771
Net OPEB obligation - end of year	\$ <u>338</u>	\$ <u>1,759</u>	\$ <u>58</u>	\$ <u>5,378</u>	\$ <u>634</u>	\$ <u>522</u>	\$ <u>8,689</u>

(Dollar amounts in thousands)

	PMA (1)	SEIU	SAMA	CASA	Total Subsidy Plan
SUBSIDY PLAN (2)					
Annual required contribution	\$ -	\$ 861	\$ 219	\$ 177	\$ 1,257
Interest on net OPEB obligation	3	214	35	30	282
Adjustment to annual required contribution	(69)	(205)	(34)	(29)	(337)
Annual OPEB cost (expense)	(66)	870	220	178	1,202
Contribution made	-	(499)	(102)	(58)	(659)
Increase (decrease) in net OPEB obligation	(66)	371	118	120	543
Net OPEB obligation - beginning of year	66	5,343	871	752	7,032
Net OPEB obligation - end of year	\$ <u>-</u>	\$ <u>5,714</u>	\$ <u>989</u>	\$ <u>872</u>	\$ <u>7,575</u>

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

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

(Dollar amounts in thousands)

TOTAL OPEB	PEMHCA	Subsidy Plan	Total OPEB
Annual required contribution	\$ 1,343	\$ 1,257	\$ 2,600
Interest on net OPEB obligation	310	282	592
Adjustment to annual required contribution	(299)	(337)	(636)
Annual OPEB cost (expense)	1,354	1,202	2,556
Contribution made	(436)	(659)	(1,095)
Increase (decrease) in net OPEB obligation	918	543	1,461
Net OPEB obligation - beginning of year	7,771	7,032	14,803
Net OPEB obligation - end of year	\$ <u>8,689</u>	\$ <u>7,575</u>	\$ <u>16,264</u>

The required contribution was determined as part of the June 30, 2014 actuarial valuation. The actuarial assumptions for both PEMHCA and Subsidy plans included (a) 4 % investment rate of return, not pre-funded, assets in City investment fund, (b) projected annual salary aggregate increases 3.25%. Also included is an inflation component of 3 % and payroll growth of 3.25%. The actuarial accrued liability (AAL) and normal cost is under the entry age normal actuarial method. The Health Care Cost Trend Rate implicitly considers estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of plan participants. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 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	06/30/12	\$ (14,001) ⁽¹⁾	-2.6%	\$ -
PMA	06/30/12	94	47.9%	298
FBA	06/30/12	(2,225) ⁽³⁾	-20.8%	1,667
FMA	06/30/12	(132) ⁽³⁾	-13.6%	53
SEIU	06/30/12	1,840	10.1%	8,662
SAMA/CASA	06/30/12	587	36.5%	2,212
Total		\$ <u>(13,837)</u>	<u>-9.4%</u>	\$ <u>12,892</u>
POA	06/30/13	\$ - ⁽¹⁾	0.0%	\$ -
PMA	06/30/13	97	47.4%	349
FBA	06/30/13	127 ⁽³⁾	85.0%	1,686
FMA	06/30/13	5 ⁽³⁾	20.0%	57
SEIU	06/30/13	1,944	26.1%	10,099
SAMA	06/30/13	337	42.1%	1,403
CASA	06/30/13	275	25.5%	1,209
Total		\$ <u>2,785</u>	<u>31.4%</u>	\$ <u>14,803</u>
POA	06/30/14	\$ - ⁽¹⁾	0.0%	\$ -
PMA	06/30/14	11 ⁽²⁾	200.0%	338
FBA	06/30/14	191 ⁽³⁾	61.8%	1,759
FMA	06/30/14	2 ⁽³⁾	100.0%	58
SEIU	06/30/14	1,737	42.8%	11,092
SAMA	06/30/14	364	39.6%	1,623
CASA	06/30/14	251	26.3%	1,394
Total		\$ <u>2,556</u>	<u>42.8%</u>	\$ <u>16,264</u>

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

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

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

Funded Status as of June 30, 2014 is as follows (Dollar amounts in thousands):

	(a)	(a)-(b)=(c)	(c)/(d)
	Entry Age	Unfunded	UAAL
	Normal	Actuarial	(d)
Actuarial	Actuarial	Accrued	Annual
Valuation	Accrued	Liability	Covered
Date	Liability (AAL)	Value of Assets	Payroll
		(UAAL)	As a % of Covered Payroll
PMA	06/30/14 \$ 1,476	\$ -	\$ 2,587 57.1%
FBA	06/30/14 5,091 ⁽¹⁾	-	- 0.0%
SEIU	06/30/14 27,906	-	28,005 99.6%
FMA	06/30/14 44 ⁽¹⁾	-	- 0.0%
SAMA	06/30/14 5,914	-	4,218 140.2%
CASA	06/30/14 3,322	-	3,156 105.3%
Total	\$ <u>43,753</u>	\$ <u>-</u>	\$ <u>43,753</u> 0% \$ <u>37,966</u> 115.2%

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

The 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 \$119,768 to the plan in accordance with the payment terms defined by the plan. This annual amount is subject to an annual compounding cost of living adjustment of two percent (2%) per year. For Fiscal year 2013-14, the City’s annual PARS contribution was \$119,768.

The funded status of the plan (in thousands) based on actuarial valuation for 2014 and the preceding year is as follows:

Actuarial Valuation Date	(a) Actuarial Liability (AAL)	(b) Market Value of Plan Assets	(c) Unfunded Actuarial		Amortization Payment of UAL
			Accrued Liability (UAAL)	(b)/(a) Funded Ratio	
06/30/12	\$ 1,702	\$ 57	\$ 1,645	3.3%	\$ 135 ⁽²⁾
06/30/13	1,699	58	1,641	3.4%	139 ⁽³⁾
06/30/14	1,695	58 ⁽¹⁾	1,637	3.4%	143 ⁽⁴⁾

(1) Market Value of Plan Assets does not include contributions made after June 30, 2014.
 (2) 20-Year Level Dollar amortization with beginning-of-year payments.
 (3) 19-Year Level Dollar amortization with beginning-of-year payments.
 (4) 18-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):

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
6/30/2012	\$ 124	100%	-
6/30/2013	122	100%	-
6/30/2014	120	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 \$40,538,518 (20% of fiscal year 13-14 budgeted operating expenditures) 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, 2014, the following business-type activities funds of the City had designations of unrestricted net position as follows:

	Water	Parking	Sewer	Nonmajor	Business-Type Activities Enterprise Funds Total
Designated for authorized projects	\$ 5,578,071	\$ -	\$ 1,143,082	\$ -	\$ 6,721,153
Designated for subsequent year expenditures	3,289,621	500,000	2,800,094	2,274,676	8,864,391
Designated for bond resolutions requirement	1,809,637	-	-	-	1,809,637
Designated for account receivable	11,175,281	-	824,383	-	11,999,664
Designated for operating reserve	10,514,631	-	1,060,483	-	11,575,114
Designated for emergency reserve	1,000,000	-	-	-	1,000,000
Undesignated	-	6,236,306	-	5,612,938	11,849,244
Total unrestricted net position	<u>\$ 33,367,241</u>	<u>\$ 6,736,306</u>	<u>\$ 5,828,042</u>	<u>\$ 7,887,614</u>	<u>\$ 53,819,203</u>

Note 6. SUBSEQUENT EVENT

On August 7, 2014, the City, through the Santa Ana Financing Authority (SAFA), issued Water Revenue Refunding Bonds, Series 2014 for \$15,690,000. The proceeds of the bonds will be used to (a) provide funds to refund in full the Authority’s Water Revenue Refunding Bonds, Series, 2004, b) to finance a portion of the acquisition and construction of certain improvements to the City’s Water System, and lastly c) to pay certain costs of issuance of the Bonds. The principal of the bonds is payable commencing March 1, 2015, through 2032 and interest rate ranges from 2.0% to 5.0%.

Note 7. SUCCESSOR AGENCY DISCLOSURES AND SUBSEQUENT EVENT

Due Diligence Reviews

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

Pursuant to Health and Safety Code 34179.6 (d), the State Department of Finance (State) is authorized to adjust the results of the DDR’s stated balances available for distribution to the taxing entities. As a result, the State identified \$53.8 million in unencumbered cash available for distribution to the taxing entities. The Successor Agency originally contested the State’s conclusion on the basis that such amounts were related to enforceable obligations. However, after an unsuccessful Motion for Temporary Restrained Order, Preliminary Injunction and/or Stay and a Petition for Writ of Mandate and Complaint for Injunctive and Declaratory Relief filed with the Supreme Court of the State of California, a series of payments to the County Auditor Controller (CAC) and the consistent withholding of RPTTF requested by the Successor Agency pursuant to their Recognized Obligation Payment Schedule (ROPS) during fiscal years 2013 and 2014, the Agency approved payment for the entire remaining balance owed to taxing entities as identified by the State.

As of June 30, 2014, the total outstanding amount available for distribution to taxing entities is \$28.3 million and is accrued in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The entire amount outstanding was remitted to the CAC on November 25, 2014.

CITY OF SANTA ANA, CALIFORNIA

Required Supplementary Information

Required Supplementary
Information



**General Fund
Budgetary Comparison Schedule
Year ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 154,660,150	\$ 154,660,150	\$ 163,663,169	\$ 9,003,019
License and permits	3,570,000	3,570,000	3,283,176	(286,824)
Intergovernmental	354,000	498,434	548,430	49,996
Charges for services	9,106,000	9,106,000	9,223,487	117,487
Fines and forfeits	7,037,000	7,037,000	7,009,517	(27,483)
Investment income	215,585	215,585	738,558	522,973
Cost recoveries and donations	13,609,700	13,736,958	14,540,713	803,755
Rental income	15,509,515	15,509,515	15,182,658	(326,857)
Miscellaneous	691,500	1,146,475	563,260	(583,215)
Total revenues	204,753,450	205,480,117	214,752,968	9,272,851
Expenditures:				
Current:				
General Government:				
City Council	367,060	403,710	401,672	2,038
Clerk of the Council	686,770	686,770	663,371	23,399
City Attorney	2,115,194	2,129,754	2,100,729	29,025
City Manager	1,925,090	1,889,332	1,729,663	159,669
Nondepartmental	6,073,745	6,104,064	3,555,993	2,548,071
Total General Government	11,167,859	11,213,630	8,451,428	2,762,202
Human Resources	1,223,216	1,223,986	982,264	241,722
Finance and Management Services	4,256,716	4,272,216	3,694,259	577,957
Museum	1,474,285	1,474,285	1,474,888	(603)
Library	3,378,111	3,389,077	3,277,741	111,336
Recreation and Community Services	16,052,721	16,620,098	14,800,310	1,819,788
Police Department	104,953,196	105,632,186	105,380,452	251,734
Fire Department	40,214,697	40,219,449	38,816,626	1,402,823
Planning and Building	6,851,440	7,176,356	6,746,058	430,298
Public Works	4,596,215	4,907,760	4,791,953	115,807
Community Development	890,170	976,100	546,916	429,184
	183,890,767	185,891,513	180,511,467	5,380,046
Capital Outlay	2,532,403	2,841,084	153,444	2,687,640
Debt Service:				
Principal retirement	924,742	924,742	938,669	(13,927)
Interest and fiscal charges	662,356	662,356	672,060	(9,704)
Total expenditures	199,178,127	201,533,325	190,727,068	10,806,257
Excess (deficiency) of revenues over (under) expenditures	5,575,323	3,946,792	24,025,900	20,079,108
Other financing sources (uses):				
Transfers in	320,291.00	320,291.00	320,291	-
Transfers out	(9,665,000)	(9,665,000)	(9,666,150)	(1,150)
Total other financing sources (uses)	(9,344,709)	(9,344,709)	(9,345,859)	(1,150)
Net change in fund balance	(3,769,386)	(5,397,917)	14,680,041	20,077,958
Fund balance - beginning	39,378,699	39,378,699	39,378,699	-
Fund balance - ending	\$ 35,609,313	\$ 33,980,782	\$ 54,058,740	\$ 20,077,958

See accompanying Note to Required Supplementary Information.

Special Revenue Housing Authority Fund
Budgetary Comparison Schedule
Year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 30,167,215	\$ 30,167,215	\$ 30,026,592	\$ (140,623)
Investment income	28,000	28,000	19,655	(8,345)
Miscellaneous	175,000	175,000	178,873	3,873
Total revenues	30,370,215	30,370,215	30,225,120	(145,095)
Expenditures:				
Current:				
Community development	30,464,215	30,536,914	30,153,513	383,401
Total expenditures	30,464,215	30,536,914	30,153,513	383,401
Excess (deficiency) of revenues over (under) expenditures	(94,000)	(166,699)	71,607	238,306
Net change in fund balance	(94,000)	(166,699)	71,607	238,306
Fund balance - beginning	4,059,064	4,059,064	4,059,064	-
Fund balance - ending	\$ 3,965,064	\$ 3,892,365	\$ 4,130,671	\$ 238,306

See accompanying Note to Required Supplementary Information.

**Special Revenue Gas Tax Fund
Budgetary Comparison Schedule
Year ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 10,355,865	\$ 10,355,865	\$ 11,127,442	\$ 771,577
Investment income	5,000	181,271	360,566	179,295
Total revenues	<u>10,360,865</u>	<u>10,537,136</u>	<u>11,488,008</u>	<u>950,872</u>
Expenditures:				
Current:				
Public works	3,290,710	3,725,359	2,837,624	887,735
Capital Outlay	-	-	79,637	(79,637)
Debt Service:				
Principal retirement	1,275,000	1,275,000	1,275,000	-
Interest and fiscal charges	2,911,680	2,911,681	2,911,681	-
Total expenditures	<u>7,477,390</u>	<u>7,912,040</u>	<u>7,103,942</u>	<u>808,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,883,475</u>	<u>2,625,096</u>	<u>4,384,066</u>	<u>1,758,970</u>
Other financing sources (uses):				
Transfers out	<u>(2,883,475)</u>	<u>(2,883,861)</u>	<u>(2,519,291)</u>	<u>364,570</u>
Total other financing sources (uses)	<u>(2,883,475)</u>	<u>(2,883,861)</u>	<u>(2,519,291)</u>	<u>364,570</u>
Net change in fund balance	-	(258,765)	1,864,775	2,123,540
Fund balance - beginning	<u>22,793,930</u>	<u>22,793,930</u>	<u>22,793,930</u>	-
Fund balance - ending	<u>\$ 22,793,930</u>	<u>\$ 22,535,165</u>	<u>\$ 24,658,705</u>	<u>\$ 2,123,540</u>

See accompanying Note to Required Supplementary Information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, YEAR ENDED JUNE 30, 2014

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, 2014, 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.

**Required Supplementary Information
Miscellaneous and Safety Plans
Schedule of Funding Progress
June 30, 2014**

(in thousands)

Plan	Actuarial Valuation Date	(a)	(b)	(c)	(b)/(a)	(d)	(c)/(d)
		Entry Age Normal Actuarial Accrued Liability (AAL)		Unfunded Actuarial Accrued Liability (UAAL) *			Annual Covered Payroll
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%
Miscellaneous	06/30/13	698,662	499,168	199,494	71.4%	55,936	356.6%
Safety	06/30/13	918,159	688,129	230,030	74.9%	36,682	627.1%

* Beginning with the 6/30/2013 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy

REQUIRED SUPPLEMENTARY INFORMATION

**Required Supplementary Information
OPEB Schedule of Funding Progress
June 30, 2014
(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	06/30/12	\$ - (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%
PMA	06/30/14	\$ 1,476	\$ -	\$ 1,476	0%	\$ 2,587	57.1%
FBA	06/30/14	5,091 (2)	-	5,091	0%	-	0.0%
SEIU	06/30/14	27,906	-	27,906	0%	28,005	99.6%
FMA	06/30/14	44 (2)	-	44	0%	-	0.0%
SAMA	06/30/14	5,914	-	5,914	0%	4,218	140.2%
CASA	06/30/14	3,322	-	3,322	0%	3,156	105.3%
Total		\$ 43,753	\$ -	\$ 43,753	0%	\$ 37,966	115.2%

(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, 2014**

	Special Revenue Funds	Capital Projects Funds	Total
Assets			
Cash and investments	\$ 7,257,159	\$ 11,342,280	\$ 18,599,439
Receivables:			
Taxes			
Interest	4,380	366,300	370,680
Accounts	-	13,234	13,234
Intergovernmental	800,069	1,368,710	2,168,779
Total assets	<u>8,061,608</u>	<u>13,090,524</u>	<u>21,152,132</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities:			
Accounts payable	190,639	648,451	839,090
Retention payable	-	25,367	25,367
Due to other funds	68,734	1,143,662	1,212,396
Total liabilities	<u>259,373</u>	<u>1,817,480</u>	<u>2,076,853</u>
Deferred inflows of resources:			
Unavailable revenues	<u>629,397</u>	<u>1,648,576</u>	<u>2,277,973</u>
Fund balances:			
Restricted for:			
Community development	-	1,873,322	1,873,322
Public safety	58,867	-	58,867
Drainage construction	-	4,579,824	4,579,824
Public works	6,477,591	-	6,477,591
Cultural recreation and community services	636,380	4,892,683	5,529,063
Unassigned	<u>-</u>	<u>(1,721,361)</u>	<u>(1,721,361)</u>
Total fund balances	<u>7,172,838</u>	<u>9,624,468</u>	<u>16,797,306</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,061,608</u>	<u>\$ 13,090,524</u>	<u>\$ 21,152,132</u>

**Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2014**

	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Taxes	\$ -	\$ 102,901	\$ 102,901
Intergovernmental	2,708,847	4,072,843	6,781,690
Charges for services	1,036,255	989,224	2,025,479
Investment income	36,689	53,961	90,650
Cost recoveries	910,151	97,662	1,007,813
Rental income	-	952,774	952,774
Miscellaneous	1,705	1,557,923	1,559,628
Total revenues	<u>4,693,647</u>	<u>7,827,288</u>	<u>12,520,935</u>
Expenditures:			
Current:			
Human resources	136,176	-	136,176
Recreation and community services	1,879,307	4,241,431	6,120,738
Police department	1,794,060	-	1,794,060
Planning and building	189,536	-	189,536
Public works	697,265	949,487	1,646,752
Capital outlay	451,108	811,927	1,263,035
Total expenditures	<u>5,147,452</u>	<u>6,002,845</u>	<u>11,150,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(453,805)</u>	<u>1,824,443</u>	<u>1,370,638</u>
Other financing sources:			
Transfers in	600,000	-	600,000
Total other financing sources	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Net change in fund balances	146,195	1,824,443	1,970,638
Fund balances - beginning	<u>7,026,643</u>	<u>7,800,025</u>	<u>14,826,668</u>
Fund balances - ending	<u>\$ 7,172,838</u>	<u>\$ 9,624,468</u>	<u>\$ 16,797,306</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, 2014**

	Sewer Connection Fee	Civic Center & Maintenance
Assets		
Cash and investments	\$ 6,569,600	\$ -
Receivables:		
Interest	3,958	-
Intergovernmental	312,045	488,024
Total assets	<u>6,885,603</u>	<u>488,024</u>
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	95,967	74,349
Due to other funds (Note 3D)	-	68,734
Total liabilities	<u>95,967</u>	<u>143,083</u>
Deferred inflows of resources:		
Unavailable revenues	<u>312,045</u>	<u>317,352</u>
Fund balances:		
Restricted for:		
Public safety	-	-
Public works	6,477,591	-
Cultural recreation and community services	-	27,589
Total fund balances	<u>6,477,591</u>	<u>27,589</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,885,603</u>	<u>\$ 488,024</u>

NONMAJOR SPECIAL REVENUE FUNDS

	Air Quality Improvement	Total
Inmate Welfare		
\$ 72,824	\$ 614,735	\$ 7,257,159
46	376	4,380
-	-	800,069
<u>72,870</u>	<u>615,111</u>	<u>8,061,608</u>
14,003	6,320	190,639
-	-	68,734
<u>14,003</u>	<u>6,320</u>	<u>259,373</u>
-	-	629,397
58,867	-	58,867
-	-	6,477,591
<u>-</u>	<u>608,791</u>	<u>636,380</u>
<u>58,867</u>	<u>608,791</u>	<u>7,172,838</u>
<u>\$ 72,870</u>	<u>\$ 615,111</u>	<u>\$ 8,061,608</u>

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2014

	Sewer Connection Fee	Civic Center & Maintenance	Inmate Welfare	Air Quality Maintenance	Total
Revenues:					
Intergovernmental	\$ -	\$ 2,400,505	\$ -	\$ 308,342	\$ 2,708,847
Charges for services	1,036,255	-	-	-	1,036,255
Investment income	33,417	-	577	2,695	36,689
Cost recoveries	423,664	-	486,487	-	910,151
Miscellaneous	-	-	-	1,705	1,705
Total revenues	<u>1,493,336</u>	<u>2,400,505</u>	<u>487,064</u>	<u>312,742</u>	<u>4,693,647</u>
Expenditures:					
Current:					
Human resources	-	-	-	136,176	136,176
Recreation and community services	-	1,879,307	-	-	1,879,307
Police department	-	1,185,831	608,229	-	1,794,060
Planning and building	-	-	-	189,536	189,536
Public works	697,265	-	-	-	697,265
Capital Outlay	<u>447,881</u>	<u>-</u>	<u>-</u>	<u>3,227</u>	<u>451,108</u>
Total expenditures	<u>1,145,146</u>	<u>3,065,138</u>	<u>608,229</u>	<u>328,939</u>	<u>5,147,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>348,190</u>	<u>(664,633)</u>	<u>(121,165)</u>	<u>(16,197)</u>	<u>(453,805)</u>
Other financing sources:					
Transfers in	-	600,000	-	-	600,000
Capital contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>600,000</u>
Net change in fund balances	348,190	(64,633)	(121,165)	(16,197)	146,195
Fund balances - beginning	<u>6,129,401</u>	<u>92,222</u>	<u>180,032</u>	<u>624,988</u>	<u>7,026,643</u>
Fund balances - ending	<u>\$ 6,477,591</u>	<u>\$ 27,589</u>	<u>\$ 58,867</u>	<u>\$ 608,791</u>	<u>\$ 7,172,838</u>

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds
Sewer Connection Fee
Budgetary Comparison Schedule
Year ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 960,000	\$ 960,000	\$ 1,036,255	\$ 76,255
Investment income	40,000	40,000	33,417	(6,583)
Cost recoveries	-	-	423,664	423,664
	1,000,000	1,000,000	1,493,336	493,336
Expenditures:				
Current:				
Public works	-	-	697,265	(697,265)
Capital Outlay	1,000,000	5,604,215	447,881	5,156,334
	1,000,000	5,604,215	1,145,146	4,459,069
Excess (deficiency) of revenues over (under) expenditures	-	(4,604,215)	348,190	4,952,405
Net change in fund balance	-	(4,604,215)	348,190	4,952,405
Fund balance - beginning	6,129,401	6,129,401	6,129,401	-
Fund balance - ending	\$ 6,129,401	\$ 1,525,186	\$ 6,477,591	\$ 4,952,405

CITY OF SANTA ANA

**Nonmajor Special Revenue Funds
Civic Center & Maintenance
Budgetary Comparison Schedule
Year ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,624,440	\$ 2,883,488	\$ 2,400,505	\$ (482,983)
Total revenues	2,624,440	2,883,488	2,400,505	(482,983)
Expenditures:				
Current:				
Recreation and community services	2,025,165	2,037,002	1,879,307	157,695
Police department	1,199,275	1,199,275	1,185,831	13,444
Total expenditures	3,224,440	3,236,277	3,065,138	171,139
Excess (deficiency) of revenues over (under) expenditures	(600,000)	(352,789)	(664,633)	(311,844)
Other financing sources:				
Transfers in	600,000	600,000	600,000	-
Total other financing sources	600,000	600,000	600,000	-
Net change in fund balance	-	247,211	(64,633)	(311,844)
Fund balance - beginning	92,222	92,222	92,222	-
Fund balance - ending	\$ 92,222	\$ 339,433	\$ 27,589	\$ (311,844)

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds
Inmate Welfare Fund
Budgetary Comparison Schedule
Year ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 3,500	\$ 3,500	\$ 577	\$ (2,923)
Cost recoveries	450,000	450,000	486,487	36,487
Total revenues	453,500	453,500	487,064	33,564
Expenditures:				
Current:				
Police department	628,500	665,502	608,229	57,273
Total expenditures	628,500	665,502	608,229	57,273
Excess (deficiency) of revenues over (under) expenditures	(175,000)	(212,002)	(121,165)	90,837
Net change in fund balance	(175,000)	(212,002)	(121,165)	90,837
Fund balance - beginning	180,032	180,032	180,032	-
Fund balance (deficit) - ending	\$ 5,032	\$ (31,970)	\$ 58,867	\$ 90,837

CITY OF SANTA ANA

**Nonmajor Special Revenue Funds
Air Quality Improvement
Budgetary Comparison Schedule
Year ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 414,000	\$ 906,848	\$ 308,342	\$ (598,506)
Investment income	300	300	2,695	2,395
Miscellaneous	1,850	1,850	1,705	(145)
Total revenues	416,150	908,998	312,742	(596,256)
Expenditures:				
Current:				
Human resources	299,860	299,883	136,176	163,707
Planning and building	382,400	461,392	189,536	271,856
Capital Outlay	200,000	692,848	3,227	689,621
Total expenditures	882,260	1,454,123	328,939	1,125,184
Excess (deficiency) of revenues over (under) expenditures	(466,110)	(545,125)	(16,197)	528,928
Net change in fund balance	(466,110)	(545,125)	(16,197)	528,928
Fund balance - beginning	624,988	624,988	624,988	-
Fund balance - ending	\$ 158,878	\$ 79,863	\$ 608,791	\$ 528,928

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, 2014**

	Capital Grants	Drainage Construction
Assets		
Cash and investments	\$ -	\$ 4,584,099
Receivables:		
Interest	359,436	2,773
Accounts	-	-
Intergovernmental	1,368,710	-
Total assets	<u>1,728,146</u>	<u>4,586,872</u>
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	634,151	7,048
Retention payable	23,118	-
Due to other funds	1,143,662	-
Total liabilities	<u>1,800,931</u>	<u>7,048</u>
Deferred inflows of resources:		
Unavailable revenues	1,648,576	-
Fund balances:		
Restricted for:		
Community development	-	-
Drainage construction	-	4,579,824
Cultural recreation and community services	-	-
Unassigned:	<u>(1,721,361)</u>	<u>-</u>
Total fund balances (deficit)	<u>(1,721,361)</u>	<u>4,579,824</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,728,146</u>	<u>\$ 4,586,872</u>

NONMAJOR CAPITAL PROJECTS FUNDS

	Park Acquisitions & Development		Inclusionary Housing Fee		Total
\$	4,885,990	\$	1,872,191	\$	11,342,280
	2,960		1,131		366,300
	13,234		-		13,234
	-		-		1,368,710
	<u>4,902,184</u>		<u>1,873,322</u>		<u>13,090,524</u>
	7,252		-		648,451
	2,249		-		25,367
	-		-		1,143,662
	<u>9,501</u>		<u>-</u>		<u>1,817,480</u>
	-		-		1,648,576
	-		1,873,322		1,873,322
	-		-		4,579,824
	4,892,683		-		4,892,683
	-		-		(1,721,361)
	<u>4,892,683</u>		<u>1,873,322</u>		<u>9,624,468</u>
\$	<u>4,902,184</u>	\$	<u>1,873,322</u>	\$	<u>13,090,524</u>

**Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2014**

	Capital Grants	Drainage Construction
Revenues:		
Taxes	\$ -	\$ 102,901
Intergovernmental	4,072,843	-
Charges for services	-	-
Investment income	35	23,304
Cost recoveries	-	-
Rental income	-	-
Miscellaneous	657,923	-
Total revenues	<u>4,730,801</u>	<u>126,205</u>
Expenditures:		
Current:		
Recreation and Community Services	4,178,086	-
Public Works	720,983	228,504
Capital outlay	617,324	37,409
Total expenditures	<u>5,516,393</u>	<u>265,913</u>
Net change in fund balances	<u>(785,592)</u>	<u>(139,708)</u>
Fund balances (deficit) - beginning	<u>(935,769)</u>	<u>4,719,532</u>
Fund balances (deficit) - ending	<u><u>\$ (1,721,361)</u></u>	<u><u>\$ 4,579,824</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Inclusionary Housing Fee	Total
\$ -	\$ -	102,901
-	-	4,072,843
989,224	-	989,224
22,496	8,126	53,961
97,662	-	97,662
952,774	-	952,774
-	900,000	1,557,923
<u>2,062,156</u>	<u>908,126</u>	<u>7,827,288</u>
63,345	-	4,241,431
-	-	949,487
157,194	-	811,927
-	-	-
<u>220,539</u>	<u>-</u>	<u>6,002,845</u>
<u>1,841,617</u>	<u>908,126</u>	<u>1,824,443</u>
<u>3,051,066</u>	<u>965,196</u>	<u>7,800,025</u>
<u>\$ 4,892,683</u>	<u>\$ 1,873,322</u>	<u>\$ 9,624,468</u>



CITY OF SANTA ANA, CALIFORNIA
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Nonmajor Enterprise Funds

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

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

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

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

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

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

Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2014

	<u>Refuse Collections</u>	<u>Transportation Center</u>
Assets:		
Current assets:		
Cash and investments	\$ 4,205,487	\$ 137,470
Receivables:		
Taxes	-	-
Interest	3,891	154
Accounts	1,948,065	-
Allowance for uncollectible accounts	(37,601)	-
Total current assets	<u>6,119,842</u>	<u>137,624</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 in progress	-	187,030
Less accumulated depreciation	-	(10,501,256)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>10,365,989</u>
Total noncurrent assets	<u>-</u>	<u>10,365,989</u>
Total assets	<u>6,119,842</u>	<u>10,503,613</u>
Liabilities:		
Current liabilities:		
Accounts payable	80,964	90,876
Retention payable	-	-
Compensated absences payable (current portion)	6,214	-
Grant advances	181,142	-
Deposits payable	-	11,000
Total current liabilities	<u>268,320</u>	<u>101,876</u>
Noncurrent liabilities:		
Compensated absences payable (net of current portion)	18,641	-
Postemployment benefits obligation	40,875	4,107
Total noncurrent liabilities	<u>59,516</u>	<u>4,107</u>
Total liabilities	<u>327,836</u>	<u>105,983</u>
Net position:		
Net investment in capital assets	-	10,365,989
Restricted for:		
National Pollution Discharge Elimination System	-	-
Unrestricted	<u>5,792,006</u>	<u>31,641</u>
Total net position	<u>\$ 5,792,006</u>	<u>\$ 10,397,630</u>

NONMAJOR ENTERPRISE FUNDS

Sanitation	Federal Clean Water Protection	Total
\$ 2,544,619	\$ 4,134,043	\$ 11,021,619
89	-	89
2,530	4,205	10,780
1,186,907	209,709	3,344,681
(66,170)	-	(103,771)
3,667,975	4,347,957	14,273,398
-	-	3,792,491
-	-	8,607,909
-	547,015	4,009,534
19,592	-	19,592
-	-	4,817,296
-	84,650	271,680
(16,816)	(161,826)	(10,679,898)
2,776	469,839	10,838,604
2,776	469,839	10,838,604
3,670,751	4,817,796	25,112,002
463,345	168,923	804,108
-	764	764
146,075	875	153,164
-	-	181,142
-	-	11,000
609,420	170,562	1,150,178
438,226	2,623	459,490
556,362	142,007	743,351
994,588	144,630	1,202,841
1,604,008	315,192	2,353,019
2,776	469,839	10,838,604
-	4,032,765	4,032,765
2,063,967	-	7,887,614
\$ 2,066,743	\$ 4,502,604	\$ 22,758,983

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2014

	Refuse Collections	Transportation Center
Operating revenues:		
Charges for services	\$ 10,044,980	\$ 750,962
Miscellaneous	7,016,969	2,794
Total operating revenues	<u>17,061,949</u>	<u>753,756</u>
Operating expenses:		
Personnel services	225,447	-
Contractual services	8,439,232	772,619
Materials and supplies	3,266	8,388
Other services and charges	7,280,323	63,490
Depreciation	-	422,193
Total operating expenses	<u>15,948,268</u>	<u>1,266,690</u>
Operating income (loss)	<u>1,113,681</u>	<u>(512,934)</u>
Nonoperating revenues (expenses):		
Intergovernmental	92,519	-
Investment earnings	17,920	953
Total nonoperating revenues	<u>110,439</u>	<u>953</u>
Change in net position	1,224,120	(511,981)
Net position - beginning	<u>4,567,886</u>	<u>10,909,611</u>
Net position - ending	<u>\$ 5,792,006</u>	<u>\$ 10,397,630</u>

NONMAJOR ENTERPRISE FUND

Sanitation	Federal Clean Water Protection	Total
\$ 7,922,057	\$ 2,796,744	\$ 21,514,743
12,434	70,951	7,103,148
7,934,491	2,867,695	28,617,891
3,135,977	797,548	4,158,972
2,155,465	1,071,625	12,438,941
167,284	11,183	190,121
2,155,547	216,838	9,716,198
1,959	27,351	451,503
7,616,232	2,124,545	26,955,735
318,259	743,150	1,662,156
-	-	92,519
11,319	20,562	50,754
11,319	20,562	143,273
329,578	763,712	1,805,429
1,737,165	3,738,892	20,953,554
\$ 2,066,743	\$ 4,502,604	\$ 22,758,983

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2014

	Refuse Collections	Transportation Center
Cash flows from operating activities:		
Receipts from customers	\$ 10,127,034	\$ 952,418
Receipts from other operating sources	7,016,969	2,794
Payments to suppliers for goods and services	(15,696,843)	(837,241)
Payments to employees	(217,758)	
Net cash provided by operating activities	<u>1,229,402</u>	<u>117,971</u>
Cash flows from noncapital financing activities:		
Intergovernment contribution	<u>181,142</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>181,142</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	<u>15,759</u>	<u>831</u>
Net cash provided by investing activities	<u>15,759</u>	<u>831</u>
Net increase in cash and cash equivalents	1,426,303	118,802
Cash and cash equivalents - beginning	<u>2,779,184</u>	<u>18,668</u>
Cash and cash equivalents - ending	<u>\$ 4,205,487</u>	<u>\$ 137,470</u>

NONMAJOR ENTERPRISE FUNDS

Sanitation	Federal Clean Water Protection	Total
\$ 8,031,508	\$ 2,801,600	\$ 21,912,560
12,434	70,951	7,103,148
(4,350,175)	(1,275,180)	(22,159,439)
(2,984,678)	(800,073)	(4,002,509)
709,089	797,298	2,853,760
-	-	181,142
-	-	181,142
-	(73,829)	(73,829)
-	(73,829)	(73,829)
10,304	19,118	46,012
10,304	19,118	46,012
719,393	742,587	3,007,085
1,825,226	3,391,456	8,014,534
\$ 2,544,619	\$ 4,134,043	\$ 11,021,619

Continued

**Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2014**

	<u>Refuse Collections</u>	<u>Transportation Center</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 1,113,681	\$ (512,934)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	-	422,193
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	82,054	201,456
Increase (decrease) in accounts payable	25,978	7,256
Increase (decrease) in compensated absences payable	2,863	-
Increase (decrease) in postemployment benefits obligation	4,826	-
Net cash provided by operating activities	\$ <u>1,229,402</u>	\$ <u>117,971</u>

NONMAJOR ENTERPRISE FUNDS

Page 4 of 4

Sanitation	Federal Clean Water Protection	Total
\$ 318,259	\$ 743,150	\$ 1,662,156
1,959	27,351	451,503
109,451	4,856	397,817
128,121	24,466	185,821
89,514	(18,170)	74,207
61,785	15,645	82,256
\$ 709,089	\$ 797,298	\$ 2,853,760



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 and replacement of, City vehicles and other gasoline or diesel-powered equipment.

Stores and Property Control - For 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, 2014

	<u>Central Services</u>	<u>Building Maintenance</u>	<u>Equipment Maintenance and Replacement</u>
Assets:			
Current assets:			
Cash and investments	\$ 745,641	\$ 3,305,621	\$ 6,354,716
Receivables:			
Interest	706	-	5,661
Accounts	-	-	21,050
Intergovernmental	-	-	-
Due from other funds	-	-	-
Inventory of supplies	18,464	-	35,264
Total current assets	<u>764,811</u>	<u>3,305,621</u>	<u>6,416,691</u>
Noncurrent assets:			
Advances to other funds	-	-	-
Restricted cash and investments	-	-	-
Cash and investments with fiscal agent (Note 3A)	-	-	-
Capital assets:			
Improvements other than buildings	-	602,886	-
Equipment	273,406	21,104	19,663,564
Computer software	-	-	-
Less accumulated depreciation	<u>(255,111)</u>	<u>(623,990)</u>	<u>(17,145,893)</u>
Total capital assets (net of accumulated depreciation)	<u>18,295</u>	<u>-</u>	<u>2,517,671</u>
Total noncurrent assets	<u>18,295</u>	<u>-</u>	<u>2,517,671</u>
Total assets	<u>783,106</u>	<u>3,305,621</u>	<u>8,934,362</u>
Liabilities:			
Current liabilities:			
Accounts payable	34,863	124,423	281,898
Compensated absences payable (current portion)	6,286	41,689	118,653
Claims payable (current portion)	-	-	-
Total current liabilities	<u>41,149</u>	<u>166,112</u>	<u>400,551</u>
Noncurrent liabilities:			
Compensated absences payable (net of current portion)	18,856	125,067	355,960
Claims payable (net of current portion)	-	-	-
Postemployment benefits obligation	41,819	219,381	485,956
Total noncurrent liabilities	<u>60,675</u>	<u>344,448</u>	<u>841,916</u>
Total liabilities	<u>101,824</u>	<u>510,560</u>	<u>1,242,467</u>
Net position:			
Net investment in capital assets	18,295	-	2,517,671
Unrestricted	<u>662,987</u>	<u>2,795,061</u>	<u>5,174,224</u>
Total net position	<u>\$ 681,282</u>	<u>\$ 2,795,061</u>	<u>\$ 7,691,895</u>

INTERNAL SERVICE FUNDS

<u>Stores & Property Control</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>
\$ 274,186	\$ 24,913,345	\$ 3,264,257	\$ 18,803,471	\$ 11,634,544	\$ 158,178
1,038	26,881	3,002	19,063	12,222	139
38,940	-	-	-	-	-
-	-	-	-	-	-
-	1,212,396	-	-	-	-
608,547	-	-	-	-	-
<u>922,711</u>	<u>26,152,622</u>	<u>3,267,259</u>	<u>18,822,534</u>	<u>11,646,766</u>	<u>158,317</u>
-	-	-	2,920,000	-	-
-	-	277,352	-	-	-
-	2,916,551	-	-	-	-
-	-	-	-	-	256,131
-	-	15,754	-	2,796,020	68,201
-	-	-	-	6,244,193	-
-	-	(15,754)	-	(3,671,492)	(137,036)
-	-	-	-	5,368,721	187,296
-	2,916,551	277,352	2,920,000	5,368,721	187,296
<u>922,711</u>	<u>29,069,173</u>	<u>3,544,611</u>	<u>21,742,534</u>	<u>17,015,487</u>	<u>345,613</u>
95,655	112,862	1,521	13,918	300,648	33,167
1,550	29,607	14,158	30,819	100,641	-
-	2,186,057	-	4,200,000	-	-
<u>97,205</u>	<u>2,328,526</u>	<u>15,679</u>	<u>4,244,737</u>	<u>401,289</u>	<u>33,167</u>
4,651	88,819	42,475	92,457	301,923	-
-	5,312,925	-	16,162,562	-	-
6,687	89,235	131,285	155,737	346,604	656
<u>11,338</u>	<u>5,490,979</u>	<u>173,760</u>	<u>16,410,756</u>	<u>648,527</u>	<u>656</u>
<u>108,543</u>	<u>7,819,505</u>	<u>189,439</u>	<u>20,655,493</u>	<u>1,049,816</u>	<u>33,823</u>
-	-	-	-	5,368,721	187,296
<u>814,168</u>	<u>21,249,668</u>	<u>3,355,172</u>	<u>1,087,041</u>	<u>10,596,950</u>	<u>124,494</u>
<u>\$ 814,168</u>	<u>\$ 21,249,668</u>	<u>\$ 3,355,172</u>	<u>\$ 1,087,041</u>	<u>\$ 15,965,671</u>	<u>\$ 311,790</u>

Internal Service Funds
Combining Statement of Net Position
June 30, 2014

	Engineering and Administrative Services	Quality Service Training	Total
Assets:			
Current assets:			
Cash and investments	\$ 2,076,801	\$ 403,396	\$ 71,934,156
Receivables:			
Interest	2,357	412	71,481
Accounts	-	-	59,990
Intergovernmental	10,000	-	10,000
Due from other funds	-	-	1,212,396
Inventory of supplies	-	-	662,275
Total current assets	<u>2,089,158</u>	<u>403,808</u>	<u>73,950,298</u>
Noncurrent assets:			
Advances to other funds	-	-	2,920,000
Restricted cash and investments	-	-	277,352
Cash and investments with fiscal agent (Note 3A)	-	-	2,916,551
Capital assets:			
Improvements other than buildings	-	-	859,017
Equipment	300,841	-	23,138,890
Computer software	-	-	6,244,193
Less accumulated depreciation	(246,114)	-	(22,095,390)
Total capital assets (net of accumulated depreciation)	<u>54,727</u>	<u>-</u>	<u>8,146,710</u>
Total noncurrent assets	<u>54,727</u>	<u>-</u>	<u>14,260,613</u>
Total assets	<u>2,143,885</u>	<u>403,808</u>	<u>88,210,911</u>
Liabilities:			
Current liabilities:			
Accounts payable	83,459	-	1,082,414
Compensated absences payable (current portion)	156,464	-	499,867
Claims payable (current portion)	-	-	6,386,057
Total current liabilities	<u>239,923</u>	<u>-</u>	<u>7,968,338</u>
Noncurrent liabilities:			
Compensated absences payable (net of current portion)	469,390	-	1,499,598
Claims payable (net of current portion)	-	-	21,475,487
Postemployment benefits obligation	1,457,964	-	2,935,324
Total noncurrent liabilities	<u>1,927,354</u>	<u>-</u>	<u>25,910,409</u>
Total liabilities	<u>2,167,277</u>	<u>-</u>	<u>33,878,747</u>
Net position:			
Net investment in capital assets	54,727	-	8,146,710
Unrestricted	<u>(78,119)</u>	<u>403,808</u>	<u>46,185,454</u>
Total net position	<u>\$ (23,392)</u>	<u>\$ 403,808</u>	<u>\$ 54,332,164</u>



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
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Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2014

	Central Services	Building Maintenance	Equipment Maintenance and Replacement
Operating revenues:			
Charges for services	\$ 1,050,041	\$ 3,494,613	\$ 3,693,367
Miscellaneous	-	-	345,340
Total operating revenues	<u>1,050,041</u>	<u>3,494,613</u>	<u>4,038,707</u>
Operating expenses:			
Cost of goods sold	-	-	80,235
Personnel services	223,512	1,380,903	2,703,950
Contractual services	446,500	1,439,845	395,853
Materials and supplies	237,980	166,267	780,358
Other services and charges	117,371	131,505	658,803
Administration	-	-	-
Insurance	-	-	-
Provision for self-insured losses	-	-	-
Depreciation	6,509	-	1,230,442
Total operating expenses	<u>1,031,872</u>	<u>3,118,520</u>	<u>5,849,641</u>
Operating income (loss)	<u>18,169</u>	<u>376,093</u>	<u>(1,810,934)</u>
Nonoperating revenues (expenses):			
Net increase in the fair value of investment	-	-	124,835
Investment earnings	2,975	-	30,014
Loss on disposal of capital assets	(18,911)	-	(64,124)
Total nonoperating revenues (expenses)	<u>(15,936)</u>	<u>-</u>	<u>90,725</u>
Income (loss) before transfers	2,233	376,093	(1,720,209)
Transfers in	-	-	-
Transfers out	-	(98,059)	(675,765)
Change in net position	2,233	278,034	(2,395,974)
Net position - beginning	<u>679,049</u>	<u>2,517,027</u>	<u>10,087,869</u>
Net position - ending	<u>\$ 681,282</u>	<u>\$ 2,795,061</u>	<u>\$ 7,691,895</u>

INTERNAL SERVICE FUNDS

Page 2 of 3

<u>Stores & Property Control</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>
\$ 1,515,171	\$ 6,304,494	\$ 16,624,722	\$ 5,248,706	\$ 6,754,282	\$ 956,905
192,357	86,894	2,652,527	255,077	-	136
<u>1,707,528</u>	<u>6,391,388</u>	<u>19,277,249</u>	<u>5,503,783</u>	<u>6,754,282</u>	<u>957,041</u>
20,407	-	-	-	-	-
214,447	-	-	-	2,457,121	75,073
3,816	-	-	-	3,938,313	245,888
1,139,643	-	-	-	527,075	21,383
199,110	-	-	-	353,231	632,764
-	2,303,194	1,407,798	1,675,936	-	-
-	1,526,329	15,806,193	271,416	-	-
-	3,038,176	1,434,234	4,563,093	-	-
-	-	-	-	763,597	16,471
<u>1,577,423</u>	<u>6,867,699</u>	<u>18,648,225</u>	<u>6,510,445</u>	<u>8,039,337</u>	<u>991,579</u>
<u>130,105</u>	<u>(476,311)</u>	<u>629,024</u>	<u>(1,006,662)</u>	<u>(1,285,055)</u>	<u>(34,538)</u>
-	-	-	-	129,339	-
2,396	522,222	14,101	394,032	62,431	759
-	-	-	-	-	-
<u>2,396</u>	<u>522,222</u>	<u>14,101</u>	<u>394,032</u>	<u>191,770</u>	<u>759</u>
132,501	45,911	643,125	(612,630)	(1,093,285)	(33,779)
675,765	-	-	-	-	-
-	-	-	-	-	-
<u>808,266</u>	<u>45,911</u>	<u>643,125</u>	<u>(612,630)</u>	<u>(1,093,285)</u>	<u>(33,779)</u>
<u>5,902</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>
<u>\$ 814,168</u>	<u>\$ 21,249,668</u>	<u>\$ 3,355,172</u>	<u>\$ 1,087,041</u>	<u>\$ 15,965,671</u>	<u>\$ 311,790</u>

Continued

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2014

	Engineering and Administrative Services	Quality Service Training	Total
Operating revenues:			
Charges for services	\$ 10,160,413	\$ -	\$ 55,802,714
Miscellaneous	802,992	-	4,335,323
Total operating revenues	<u>10,963,405</u>	<u>-</u>	<u>60,138,037</u>
Operating expenses:			
Cost of goods sold	-	-	100,642
Personnel services	5,614,586	-	12,669,592
Contractual services	540,596	-	7,010,811
Materials and supplies	181,977	-	3,054,683
Other services and charges	3,230,365	-	5,323,149
Administration	-	-	5,386,928
Insurance	-	-	17,603,938
Provision for self-insured losses	-	-	9,035,503
Depreciation	26,012	-	2,043,031
Total operating expenses	<u>9,593,536</u>	<u>-</u>	<u>62,228,277</u>
Operating income (loss)	<u>1,369,869</u>	<u>-</u>	<u>(2,090,240)</u>
Nonoperating revenues (expenses):			
Net increase in the fair value of investment	-	-	254,174
Investment earnings	9,459	2,050	1,040,439
Loss on disposal of capital assets	-	-	(83,035)
Total nonoperating revenues (expenses)	<u>9,459</u>	<u>2,050</u>	<u>1,211,578</u>
Income (loss) before transfers	1,379,328	2,050	(878,662)
Transfers in	10,000	-	685,765
Transfers out	<u>(222,232)</u>	<u>-</u>	<u>(996,056)</u>
Change in net position	1,167,096	2,050	(1,188,953)
Net position (deficit) - beginning, as restated	<u>(1,190,488)</u>	<u>401,758</u>	<u>55,521,117</u>
Net position (deficit) - ending	<u>\$ (23,392)</u>	<u>\$ 403,808</u>	<u>\$ 54,332,164</u>



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
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Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2014

	Central Services	Building Maintenance	Equipment Maintenance and Replacement
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 1,050,041	\$ 3,494,613	\$ 3,693,367
Receipts from other operating sources	-	-	365,900
Payments to suppliers for goods and services	(694,560)	(1,684,594)	(630,951)
Payments for interfund services used	(117,371)	(131,505)	(658,803)
Payments to employees	(217,167)	(1,308,284)	(2,567,980)
Net cash provided (used) by operating activities	<u>20,943</u>	<u>370,230</u>	<u>201,533</u>
Cash flows from noncapital financing activities:			
Transfers in	-	-	-
Transfers out	-	(98,059)	(675,765)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(98,059)</u>	<u>(675,765)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(17,569)	-	(239,586)
Net cash used for capital and related financing activities	<u>(17,569)</u>	<u>-</u>	<u>(239,586)</u>
Cash flows from investing activities:			
Interest received	2,870	-	30,291
Increase in the fair value of investment	-	-	124,835
Net cash provided by investing activities	<u>2,870</u>	<u>-</u>	<u>155,126</u>
Net increase (decrease) in cash and cash equivalents	6,244	272,171	(558,692)
Cash and cash equivalents - beginning	<u>739,397</u>	<u>3,033,450</u>	<u>6,913,408</u>
Cash and cash equivalents - ending (Includes restricted cash and investments)	<u><u>745,641</u></u>	<u><u>3,305,621</u></u>	<u><u>6,354,716</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	18,169	376,093	(1,810,934)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	6,509	-	1,230,442
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	-	-	20,560
Decrease (increase) in inventory of supplies	2,990	-	687,419
Increase (decrease) in accounts payable	(13,070)	(78,482)	(61,924)
Increase (decrease) in compensated absences payable	1,478	42,167	76,708
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in postemployment benefits obligation	4,867	30,452	59,262
Net cash provided (used) by operating activities	<u><u>20,943</u></u>	<u><u>370,230</u></u>	<u><u>201,533</u></u>
Noncash investing, capital, and financing activities:			
Increase in fair value of investments	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 124,835</u></u>

INTERNAL SERVICE FUNDS

Page 2 of 3

Stores & Property Control	Liability and Property Insurance	Employee Group Insurance	Workers Compensation	Information and Communications Services	City Yard Operations
\$ 1,515,171	\$ 6,304,494	\$ 16,624,722	\$ 5,248,706	\$ 6,754,282	\$ 956,905
153,417	86,894	2,652,998	255,077	-	136
(1,677,058)	(5,671,289)	(17,892,625)	(5,569,546)	(4,343,490)	(249,329)
(199,110)	-	-	-	(353,231)	(632,764)
(213,154)	(465,438)	(736,154)	(591,189)	(2,308,898)	(74,417)
(420,734)	254,661	648,941	(656,952)	(251,337)	531
-	-	-	-	-	-
675,765	-	-	-	-	-
675,765	-	-	-	-	-
-	-	-	-	(491,535)	-
-	-	-	-	(491,535)	-
1,371	128,987	12,892	92,928	60,629	760
-	387,630	-	298,076	129,339	-
1,371	516,617	12,892	391,004	189,968	760
256,402	771,278	661,833	(265,948)	(552,904)	1,291
17,784	27,058,618	2,879,776	19,069,419	12,187,448	156,887
274,186	27,829,896	3,541,609	18,803,471	11,634,544	158,178
130,105	(476,311)	629,024	(1,006,662)	(1,285,055)	(34,538)
-	-	-	-	763,597	16,471
(38,940)	(324,036)	471	-	-	-
(608,847)	-	-	-	-	-
95,655	24,281	(13,972)	4,898	121,896	17,942
(2,016)	57,303	6,793	37,483	91,520	-
-	940,922	-	304,112	-	-
3,309	32,502	26,625	3,217	56,705	656
(420,734)	254,661	648,941	(656,952)	(251,337)	531
\$ -	\$ 387,630	\$ -	\$ 298,076	\$ 129,339	\$ -

Continued

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2014

	Engineering and Administrative Services	Quality Service Training	Total
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 10,172,195	\$ -	\$ 55,814,496
Receipts from other operating sources	802,992	-	4,317,414
Payments to suppliers for goods and services	(3,930,039)	-	(42,343,481)
Payments for interfund services used	-	-	(2,092,784)
Payments to employees	(5,473,821)	-	(13,956,502)
Net cash provided (used) by operating activities	<u>1,571,327</u>	<u>-</u>	<u>1,739,143</u>
Cash flows from noncapital financing activities:			
Transfers in	10,000	-	10,000
Transfers out	(222,232)	-	(320,291)
Net cash provided (used) by noncapital financing activities	<u>(212,232)</u>	<u>-</u>	<u>(310,291)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	(748,690)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(748,690)</u>
Cash flows from investing activities:			
Interest received	7,832	1,972	340,532
Increase in the fair value of investment	-	-	939,880
Net cash provided by investing activities	<u>7,832</u>	<u>1,972</u>	<u>1,280,412</u>
Net increase (decrease) in cash and cash equivalents	1,366,927	1,972	1,960,574
Cash and cash equivalents - beginning	<u>709,874</u>	<u>401,424</u>	<u>73,167,485</u>
Cash and cash equivalents - ending (Includes restricted cash and investments)	<u><u>2,076,801</u></u>	<u><u>403,396</u></u>	<u><u>75,128,059</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	1,369,869	-	(2,090,240)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	26,012	-	2,043,031
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	11,782	-	(330,163)
Decrease (increase) in inventory of supplies	-	-	81,562
Increase (decrease) in accounts payable	22,899	-	120,123
Increase (decrease) in compensated absences payable	17,535	-	328,971
Increase (decrease) in claims payable	-	-	1,245,034
Increase (decrease) in postemployment benefits obligatio	123,230	-	340,825
Net cash provided (used) by operating activities	<u><u>1,571,327</u></u>	<u><u>-</u></u>	<u><u>1,739,143</u></u>
Noncash investing, capital, and financing activities:			
Increase in fair value of investments	\$ -	\$ -	\$ 939,880

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, 2014

	<u>Payroll</u>	<u>Treasurer's Trust</u>	<u>Retirees Health Insurance Subsidy</u>
Assets			
Cash and investments	\$ 8,205,493	\$ 4,336,975	\$ 1,583,062
Receivables:			
Loans and notes	-	-	-
Interest	<u>127</u>	<u>356</u>	<u>1,616</u>
Total assets	<u>\$ 8,205,620</u>	<u>\$ 4,337,331</u>	<u>\$ 1,584,678</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Notes payable	-	-	-
Due to City employees	2,245,085	-	1,584,678
Due to governmental agencies	<u>5,960,535</u>	<u>4,337,331</u>	<u>-</u>
Total liabilities	<u>\$ 8,205,620</u>	<u>\$ 4,337,331</u>	<u>\$ 1,584,678</u>

AGENCY FUNDS

<u>Housing Rehabilitation Loan Program</u>	<u>Transportation Corridor</u>	<u>TSIA Santa Ana- Tustin</u>	<u>School Districts' Trust</u>	<u>Total</u>
\$ -	\$ -	\$ 6,172,611	\$ 858	\$ 20,298,999
234,333	-	-	-	234,333
<u>-</u>	<u>-</u>	<u>5,703</u>	<u>-</u>	<u>7,802</u>
<u>\$ 234,333</u>	<u>\$ -</u>	<u>\$ 6,178,314</u>	<u>\$ 858</u>	<u>\$ 20,541,134</u>
\$ -	\$ -	\$ 11	\$ -	\$ 11
234,333	-	-	-	234,333
-	-	-	-	3,829,763
<u>-</u>	<u>-</u>	<u>6,178,303</u>	<u>858</u>	<u>16,477,027</u>
<u>\$ 234,333</u>	<u>\$ -</u>	<u>\$ 6,178,314</u>	<u>\$ 858</u>	<u>\$ 20,541,134</u>

**Agency Funds
Combining Statement of Changes in Fiduciary Assets and Liabilities
Year ended June 30, 2014**

	Balance June 30,2013	Additions	Deductions	Balance June 30,2014
PAYROLL FUND				
Assets				
Cash and investments	\$ 8,903,816	\$ 125,342,059	\$ 126,040,382	\$ 8,205,493
Interest receivable	56	127	56	127
Total assets	<u>\$ 8,903,872</u>	<u>\$ 125,342,186</u>	<u>\$ 126,040,438</u>	<u>\$ 8,205,620</u>
Liabilities				
Due to City employees	\$ 3,570,577	\$ 100,422,484	\$ 101,747,976	\$ 2,245,085
Due to governmental agencies	5,333,295	24,919,702	24,292,462	5,960,535
Total liabilities	<u>\$ 8,903,872</u>	<u>\$ 125,342,186</u>	<u>\$ 126,040,438</u>	<u>\$ 8,205,620</u>
TREASURER'S TRUST FUND				
Assets				
Cash and investments	\$ 4,082,845	\$ 4,449,346	\$ 4,195,216	\$ 4,336,975
Interest receivable	181	356	181	356
Total assets	<u>\$ 4,083,026</u>	<u>\$ 4,449,702</u>	<u>\$ 4,195,397</u>	<u>\$ 4,337,331</u>
Liabilities				
Due to governmental agencies	4,083,026	4,449,702	4,195,397	4,337,331
Total liabilities	<u>\$ 4,083,026</u>	<u>\$ 4,449,702</u>	<u>\$ 4,195,397</u>	<u>\$ 4,337,331</u>
RETIREES HEALTH INSURANCE SUBSIDY				
Assets				
Cash and investments	\$ 1,425,958	\$ 830,782	\$ 673,678	\$ 1,583,062
Interest receivable	1,122	1,616	1,122	1,616
Total assets	<u>\$ 1,427,080</u>	<u>\$ 832,398</u>	<u>\$ 674,800</u>	<u>\$ 1,584,678</u>
Liabilities				
Due to city employees	\$ 1,427,080	\$ 832,398	\$ 674,800	\$ 1,584,678
Total liabilities	<u>\$ 1,427,080</u>	<u>\$ 832,398</u>	<u>\$ 674,800</u>	<u>\$ 1,584,678</u>

	Balance June 30,2013	Additions	Deductions	Balance June 30,2014
HOUSING REHABILITATION LOAN PROGRAM				
Assets				
Notes receivables	\$ 234,333	\$ 9,729	\$ 9,729	\$ 234,333
Total assets	<u>\$ 234,333</u>	<u>\$ 9,729</u>	<u>\$ 9,729</u>	<u>\$ 234,333</u>
Liabilities				
Notes payable	\$ 234,333	\$ 9,729	\$ 9,729	\$ 234,333
Total liabilities	<u>\$ 234,333</u>	<u>\$ 9,729</u>	<u>\$ 9,729</u>	<u>\$ 234,333</u>
TRANSPORTATION CORRIDOR FUND				
Assets				
Cash and investments	\$ 10,860	\$ 20,301	\$ 31,161	\$ -
Total assets	<u>\$ 10,860</u>	<u>\$ 20,301</u>	<u>\$ 31,161</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 10,860	20,301	31,161	-
Total liabilities	<u>\$ 10,860</u>	<u>\$ 20,301</u>	<u>\$ 31,161</u>	<u>\$ -</u>
TRANSPORTATION SYSTEM IMPROVEMENT AUTHORITY SANTA-ANA - TUSTIN				
Assets				
Cash and investments	\$ 13,449,636	\$ 893,581	\$ 8,170,606	\$ 6,172,611
Interest receivable	11,522	5,703	11,522	5,703
Total assets	<u>\$ 13,461,158</u>	<u>\$ 899,284</u>	<u>\$ 8,182,128</u>	<u>\$ 6,178,314</u>
Liabilities				
Accounts payable	\$ 7,582	\$ 11	\$ 7,582	\$ 11
Due to governmental agencies	13,453,576	899,273	8,174,546	6,178,303
Total liabilities	<u>\$ 13,461,158</u>	<u>\$ 899,284</u>	<u>\$ 8,182,128</u>	<u>\$ 6,178,314</u>

(Continued)

**Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year ended June 30, 2014**

	<u>Balance June 30,2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30,2014</u>
SCHOOL DISTRICTS' TRUST FUND				
Assets				
Cash and investments	\$ 858	\$ -	\$ -	\$ 858
Total assets	<u>\$ 858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 858</u>
Liabilities				
Due to governmental agencies	\$ 858	\$ -	\$ -	\$ 858
Total liabilities	<u>\$ 858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 858</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 27,873,973	\$ 131,536,069	\$ 139,111,043	\$ 20,298,999
Receivables:				
Loans and notes	234,333	9,729	9,729	234,333
Interest	12,881	7,802	12,881	7,802
Total assets	<u>\$ 28,121,187</u>	<u>\$ 131,553,600</u>	<u>\$ 139,133,653</u>	<u>\$ 20,541,134</u>
Liabilities				
Accounts payable	\$ 18,442	\$ 20,312	\$ 38,743	\$ 11
Notes payable	234,333	9,729	9,729	234,333
Due to City employees	4,997,657	101,254,882	102,422,776	3,829,763
Due to governmental agencies	22,870,755	30,268,677	36,662,405	16,477,027
Total liabilities	<u>\$ 28,121,187</u>	<u>\$ 131,553,600</u>	<u>\$ 139,133,653</u>	<u>\$ 20,541,134</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>	201
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>	207
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>	208

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

	Fiscal Year			
	2014	2013*	2012	2011
Governmental Activities:				
Net investment in capital assets	\$ 797,222	\$ 800,141	\$ 787,634	\$ 767,746
Restricted	227,514	204,518	236,683	146,268
Unrestricted	71,741	54,989	23,756	26,574
Total governmental activities net position	\$ <u>1,096,477</u>	\$ <u>1,059,648</u>	\$ <u>1,048,073</u>	\$ <u>940,588</u>
Business-type activities:				
Net investment in capital assets	\$ 92,652	\$ 90,055	\$ 89,780	\$ 87,551
Restricted	4,033	3,315	2,322	1,186
Unrestricted	53,819	44,636	35,758	35,705
Total business-type activities net position	\$ <u>150,504</u>	\$ <u>138,006</u>	\$ <u>127,860</u>	\$ <u>124,442</u>
Primary government:				
Net investment in capital assets	\$ 889,874	\$ 890,196	\$ 877,414	\$ 855,297
Restricted	231,547	207,833	239,005	147,454
Unrestricted	125,560	99,625	59,514	62,279
Total primary government net position	\$ <u>1,246,981</u>	\$ <u>1,197,654</u>	\$ <u>1,175,933</u>	\$ <u>1,065,030</u>

* The 2013 net position was restated to implement GASB 65. See Note 1E.

Source: City of Santa Ana 2005 - 2014 CAFRS

SCHEDULE 1

Fiscal Year						
2010	2009	2008	2007	2006	2005	
\$ 723,057	\$ 684,618	\$ 650,254	\$ 700,479	\$ 658,414	\$ 644,474	
156,629	182,938	185,518	117,988	164,332	144,464	
15,155	5,165	(6,279)	(24,752)	(122,359)	(136,627)	
<u>\$ 894,841</u>	<u>\$ 872,721</u>	<u>\$ 829,493</u>	<u>\$ 793,715</u>	<u>\$ 700,387</u>	<u>\$ 652,311</u>	
\$ 84,088	\$ 83,163	\$ 79,764	\$ 69,748	\$ 39,031	\$ 69,906	
956	7,014	4,111	2,846	9,579	9,066	
34,201	24,745	20,385	28,270	15,774	12,877	
<u>\$ 119,245</u>	<u>\$ 114,922</u>	<u>\$ 104,260</u>	<u>\$ 100,864</u>	<u>\$ 64,384</u>	<u>\$ 91,849</u>	
\$ 807,145	\$ 767,781	\$ 730,018	\$ 770,227	\$ 727,445	\$ 714,380	
157,585	189,952	189,629	120,834	173,911	153,530	
49,356	29,910	14,106	3,518	(106,585)	(123,750)	
<u>\$ 1,014,086</u>	<u>\$ 987,643</u>	<u>\$ 933,753</u>	<u>\$ 894,579</u>	<u>\$ 794,771</u>	<u>\$ 744,160</u>	

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

	Fiscal Year					Page 1 of 6
	2014	2013	2012	2011	2010	
Expenses:						
Governmental activities:						
General government (1)	\$ 16,244	\$ 14,628	\$ 11,364	\$ 12,333	\$ 15,227	
Cultural recreation and community services (2)	30,613	26,994	23,902	24,084	25,528	
Public safety (3) (5)	160,153	155,444	139,514	174,524	183,885	
Developmental services (4)	28,567	30,526	26,148	31,073	30,338	
Community development	55,537	55,016	77,219	58,735	68,150	
Pass-through payments to districts and other agencies	-	915	3,393	12,760	28,093	*
County administrative charge	-	-	1,547	525	486	*
Interest on long-term debt	8,080	7,027	8,669	14,664	16,828	
Total governmental activities expenses	\$ 299,194	\$ 290,550	\$ 291,756	\$ 328,698	\$ 368,535	
Business-type activities:						
Water	\$ 44,912	\$ 44,528	\$ 49,271	\$ 45,674	\$ 45,727	
Parking	2,795	2,756	2,963	2,631	2,824	
Refuse collections	15,948	16,122	16,024	15,339	16,716	
Transportation center	1,267	1,317	1,280	1,313	1,423	
Sewer	4,761	4,351	4,268	3,462	3,485	
Sanitation	7,616	7,913	8,417	8,403	8,072	
Federal clean water protection	2,125	1,780	1,637	2,359	2,210	
Total business-type expenses	79,424	78,766	83,860	79,181	80,457	
Total primary government expenses	\$ 378,618	\$ 369,317	\$ 375,616	\$ 407,879	\$ 448,992	

* 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 2005 - 2014 CAFRS

SCHEDULE 2

		Fiscal Year				Page 2 of 6			
		2009	2008	2007	2006	2005			
\$	20,456	\$	6,912	\$	26,370	\$	16,137	\$	14,146
	27,937		24,057		28,956		23,406		21,766
	175,036		157,792		151,581		135,530		129,507
	29,849		44,289		29,698		16,735		27,439
	53,598		58,798		56,286		70,235		67,561
	10,399 *		9,341 *		8,786 *		9,238 *		6,399 *
	391 *		287 *		208 *		227 *		- *
	<u>16,580</u>		<u>16,585</u>		<u>12,420</u>		<u>13,918</u>		<u>13,903</u>
\$	<u>334,246</u>	\$	<u>318,061</u>	\$	<u>314,305</u>	\$	<u>285,426</u>	\$	<u>280,721</u>
\$	41,910	\$	41,289	\$	39,184	\$	34,609	\$	35,671
	2,767		2,973		2,898		2,949		2,952
	13,205		13,345		12,978		13,316		12,126
	1,422		1,282		1,303		1,342		1,256
	3,140		3,313		3,084		2,818		2,373
	7,781		7,641		7,252		8,212		7,615
	2,217		2,585		2,798		1,944		1,853
	<u>72,442</u>		<u>72,428</u>		<u>69,497</u>		<u>65,190</u>		<u>63,846</u>
\$	<u>406,688</u>	\$	<u>390,489</u>	\$	<u>383,802</u>	\$	<u>350,616</u>	\$	<u>344,567</u>

Continued

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

	Fiscal Year					Page 3 of 6
	2014	2013	2012	2011	2010	
Program revenues:						
Governmental activities:						
Charges for services:						
General government (1)	\$ 4,307	\$ 4,322	\$ 5,687	\$ 5,912	\$ 4,659	
Cultural recreation and community services (2)	4,302	3,311	3,088	2,595	3,231	
Public safety (3) (5)	25,498	25,652	27,554	29,171	25,370	
Developmental services (4)	16,239	16,752	18,633	17,186	15,707	
Community development	5,433	1,447	28,003	4,688	6,321	
Operating grants and contributions	77,494	64,700	75,051	87,080	99,887	
Capital grants and contributions	36,252	29,214	37,001	32,910	37,218	
Total governmental activities program revenues	\$ 169,525	\$ 145,398	\$ 195,017	\$ 179,542	\$ 192,393	
Business-type activities:						
Charges for services:						
Water	\$ 52,856	\$ 51,339	\$ 49,482	\$ 47,783	\$ 48,782	
Parking	4,771	4,744	4,445	3,733	4,287	
Refuse collections	17,062	16,650	16,261	16,218	14,988	
Transportation center	754	869	789	970	1,233	
Sewer	5,017	4,939	4,783	4,679	4,816	
Sanitation	7,934	7,931	7,967	8,002	7,946	
Federal clean water protection	2,868	2,740	2,733	2,552	2,474	
Operating grants and contributions	92	22	666	295	-	
Capital grants and contributions	-	-	-	-	-	
Total business-type activities Program revenues	91,354	89,234	87,126	84,232	84,526	
Total primary government Program revenues	\$ 260,879	\$ 234,632	\$ 282,143	\$ 263,774	\$ 276,919	
Net (expense) revenue						
Governmental activities	(129,669)	(145,152)	(96,739)	(149,156)	(176,142)	
Business-type activities	11,930	10,468	3,266	5,051	4,069	
Total primary government net (expense) revenue	\$ (117,739)	\$ (134,685)	\$ (93,473)	\$ (144,105)	\$ (172,073)	

SCHEDULE 2

					Page 4 of 6
Fiscal Year					
2009	2008	2007	2006	2005	
\$ 5,482	\$ 4,076	\$ 3,857	\$ 4,673	\$ 6,028	
2,598	1,569	2,649	5,515	3,847	
20,844	17,642	17,959	19,486	21,468	
13,833	10,591	12,214	11,299	7,586	
8,694	418	1,733	3,867	5,035	
72,232	61,202	71,352	62,431	67,327	
<u>38,694</u>	<u>37,448</u>	<u>54,166</u>	<u>27,749</u>	<u>12,990</u>	
\$ 162,377	\$ 132,946	\$ 163,930	\$ 135,020	\$ 124,281	
\$ 47,338	\$ 42,574	\$ 42,233	\$ 38,401	\$ 35,991	
4,274	3,757	4,105	3,639	3,115	
8,615	8,111	7,877	7,647	7,389	
1,026	850	724	905	720	
4,522	3,610	3,422	2,684	2,318	
8,091	7,831	7,922	7,948	7,926	
2,384	2,340	2,389	2,725	2,041	
6,442	6,185	6,082	6,225	5,721	
-	-	-	-	-	
<u>82,692</u>	<u>75,258</u>	<u>74,754</u>	<u>70,174</u>	<u>65,221</u>	
\$ <u>245,069</u>	\$ <u>208,204</u>	\$ <u>238,684</u>	\$ <u>205,194</u>	\$ <u>189,502</u>	
(171,869)	(185,115)	(150,375)	(150,406)	(156,440)	
<u>10,250</u>	<u>2,830</u>	<u>5,257</u>	<u>4,984</u>	<u>1,375</u>	
\$ <u>(161,619)</u>	\$ <u>(182,285)</u>	\$ <u>(145,118)</u>	\$ <u>(145,422)</u>	\$ <u>(155,065)</u>	

Continued

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

	Fiscal Year					Page 5 of 6
	2014	2013	2012	2011	2010	
General revenues and other changes in net position						
Governmental activities:						
Net program revenue (expense):						
General government (1)	\$ (11,480)	\$ (8,544)	\$ (5,677)	\$ (6,421)	\$ (7,033)	
Cultural recreation and community services (2)	(17,080)	(19,364)	(17,943)	(15,937)	(12,613)	
Public safety (3) (5)	(122,434)	(116,788)	(93,460)	(129,423)	(137,118)	
Developmental services (4)	30,426	14,699	31,379	27,685	27,200	
Community development	(1,021)	(7,213)	2,572	2,889	(1,170)	
Pass-through payments to districts and other agencies	-	(915)	(3,393)	(12,760)	(28,093)	
County administrative charge	-	-	(1,547)	(525)	(486)	
Interest on long-term debt	(8,080)	(7,027)	(8,669)	(14,664)	(16,828)	
General revenues:						
Property taxes	66,098	62,347	87,189	103,610	108,001 *	
Sales Taxes	44,367	40,978	38,744	37,409	34,496	
Hotels visitors' taxes	8,519	7,490	7,024	5,970	5,650	
Utility users taxes	25,035	24,415	24,367	25,328	26,097	
Business taxes	11,201	10,671	10,317	10,380	9,944	
Franchise taxes	7,984	9,001	7,460	7,562	7,777	
Other taxes	1,169	962	1,401	1,176	1,090	
Intergovernmental, unrestricted	521	833	466	1,934	1,255	
Investment income	1,598	(1,292)	951	869	2,862	
Other revenues	6	617	863	665	1,089	
Transfers	-	-	-	-	-	
Extraordinary gain	-	705	25,440	-	-	
Total Governmental activities	<u>36,829</u>	<u>11,575</u>	<u>107,485</u>	<u>45,747</u>	<u>22,120</u>	
Business-type activities:						
Water	7,944	6,811	601	2,195	3,055	
Parking	1,976	1,988	1,483	1,102	1,463	
Refuse collections	1,206	551	513	1,089	(1,728)	
Transportation center	(513)	(448)	(491)	(344)	(191)	
Sewer	256	588	514	1,217	1,332	
Sanitation	318	18	(450)	(401)	(126)	
Federal clean water protection	743	960	1,096	193	263	
General revenues:						
Investment income	568	(322)	152	146	255	
Transfers	-	-	-	-	-	
Total business-type activities	<u>12,498</u>	<u>10,146</u>	<u>3,418</u>	<u>5,197</u>	<u>4,323</u>	
Total primary government	<u>49,327</u>	<u>21,721</u>	<u>110,903</u>	<u>50,944</u>	<u>26,443</u>	
Changes in net position						
Governmental activities	36,829	11,575	107,485	45,747	22,120	
Business-type activities	12,498	10,146	3,418	5,197	4,323	
Total primary government	\$ <u>49,327</u>	\$ <u>21,721</u>	\$ <u>110,903</u>	\$ <u>50,944</u>	\$ <u>26,443</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
2009		2008		2007		2006		2005		
\$	(10,791)	\$	(1,801)	\$	(20,737)	\$	(11,086)	\$	(11,086)	
	(19,708)		(15,476)		(21,398)		(11,366)		(11,366)	
	(137,103)		(133,106)		(116,787)		(103,069)		(103,069)	
	22,104		3,717		36,457		19,210		19,210	
	999		(12,019)		(6,309)		(20,713)		(20,713)	
	(10,399)		(9,341)		(8,786)		(9,238)		(6,399)	
	(391)		(287)		(208)		(227)		-	
	(16,580)		(16,585)		(12,420)		(139,189)		(13,918)	
	117,756 *		112,967		103,306 *		92,089 *		81,273 *	
	39,699		46,421 *		46,770		45,094		43,973	
	6,149		7,714		7,442		7,187		5,470	
	27,693		28,112		28,327		27,565		26,666	
	10,027		10,444		10,019		9,829		8,180	
	5,866		5,618		5,293		7,107		5,673	
	1,500		1,837		3,242		5,188		2,174	
	1,202		1,672		2,174		2,904		7,726	
	4,613		5,219		7,505		7,468		7,085	
	543		389		825		310		323	
	50		128		-		200		(581)	
	-		-		-		-		-	
	<u>43,229</u>		<u>35,623</u>		<u>64,715</u>		<u>(70,737)</u>		<u>40,621</u>	
	5,428		1,285		3,050		792		321	
	1,506		785		1,206		690		787	
	1,852		950		981		556		359	
	(395)		(433)		(579)		(437)		(536)	
	1,382		297		338		(134)		(54)	
	309		190		670		(264)		311	
	167		(245)		(409)		781		188	
	463		850		1,223		803		473	
	(50)		(128)		-		(200)		581	
	<u>10,662</u>		<u>3,551</u>		<u>6,480</u>		<u>2,587</u>		<u>2,430</u>	
	<u>53,891</u>		<u>39,174</u>		<u>71,195</u>		<u>(68,150)</u>		<u>43,051</u>	
	43,229		35,623		64,715		54,534		40,621	
	10,662		3,551		6,480		2,587		2,430	
\$	<u><u>53,891</u></u>	\$	<u><u>39,174</u></u>	\$	<u><u>71,195</u></u>	\$	<u><u>57,121</u></u>	\$	<u><u>43,051</u></u>	

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

	Fiscal Year		
	2014	2013	2012
General Fund			
Reserved	\$ -	\$ -	\$ -
Nonspendable	3,357	3,267	-
Committed	-	-	-
Assigned	5,404	5,424	4,661
Unreserved	-	-	-
Unassigned	45,298	30,688	19,335
Total General Fund	\$ 54,059	\$ 39,379	\$ 23,996
All Other Governmental Funds			
Reserved	\$ -	\$ -	\$ -
Nonspendable	18,993	3,660.82	3,652
Restricted	97,784	93,552.80	110,606
Subsequent year's budget: appropriation of fund balance	-	-	-
Unassigned:			
Special Revenue Grants	(806)	(630.00)	(1,661)
Capital Projects	(1,721)	(936.00)	(955)
Debt Services	-	-	-
Total all other governmental funds	\$ 114,250	\$ 95,648	\$ 111,642

Source: City of Santa Ana 2005 - 2014 CAFRS

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

SCHEDULE 3

Fiscal Year						
2011	2010*	2009	2008	2007	2006	2005
\$ -	\$ -	\$ 5,243	\$ 3,945	\$ 4,361	\$ 9,459	\$ 5,577
-	-	-	-	-	-	-
1,314	5,509	-	-	-	-	-
2,987	-	-	-	-	-	-
-	-	11,093	32,183	36,438	42,890	32,679
6,673	2,962	-	-	-	-	-
<u>\$ 10,974</u>	<u>\$ 8,471</u>	<u>\$ 16,336</u>	<u>\$ 36,128</u>	<u>\$ 40,799</u>	<u>\$ 52,349</u>	<u>\$ 38,256</u>
\$ -	\$ -	\$ 142,939	\$ 113,693	\$ 85,460	\$ 80,941	\$ 93,205
3,652	12,354	-	-	-	-	-
196,182	247,124	-	-	-	-	-
-	3,831	-	-	-	-	-
(2,191)	(86)	63,681	77,705	16,893	10,061	5,918
(600)	(925)	10,721	11,875	28,538	23,085	15,305
-	(68,330)	-	-	-	-	-
<u>\$ 197,043</u>	<u>\$ 193,968</u>	<u>\$ 217,341</u>	<u>\$ 203,273</u>	<u>\$ 130,891</u>	<u>\$ 114,087</u>	<u>\$ 114,428</u>

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

	Fiscal Year			
	2014	2013	2012	2011
Revenues:				
Taxes	\$ 164,855	\$ 156,008	\$ 176,503	\$ 191,434
License and permits	3,295	4,043	3,948	3,806
Intergovernmental	95,367	88,411	108,638	121,924
Charges for services	11,493	8,752	11,021	9,899
Fines and forfeits	7,010	6,935	6,930	7,902
Investment income	1,607	(396)	1,163	1,355
Gain on sale of land held for resale	-	-	273	238
Miscellaneous	43,804	35,541	36,985	39,280
Total revenues	<u>327,431</u>	<u>299,294</u>	<u>345,461</u>	<u>375,838</u>
Expenditures:				
General government (1)	13,264	12,494	10,155	10,782
Cultural recreation and community services (2)	27,074	23,762	21,138	21,205
Public safety (3)	151,703	150,723	169,504	164,203
Developmental services (4)	17,237	17,565	15,575	19,763
Community development	58,337	55,359	82,114	71,413
Capital outlay	10,801	25,378	30,067	58,488
Debt service:				
Principal retirement	11,513	6,865	9,001	14,244
Interest and fiscal charges	7,987	8,471	11,940	17,543
Cost of issuance and other bond charges	183	-	-	778
Total expenditures	<u>298,099</u>	<u>300,617</u>	<u>349,493</u>	<u>378,419</u>
Excess (deficiency) of revenues over (under) expenditures	29,332	(1,323)	(4,032)	(2,581)
Other Financing Sources (uses):				
Transfers in	12,496	11,826	103,691	55,970
Transfers out	(12,186)	(11,115)	(90,149)	(54,377)
Bond premium	-	-	-	-
Bond discount	-	-	-	(374)
Capital lease agreement	-	-	-	-
Loan proceeds	-	-	-	-
Payment to refunded bond escrow agent	(44,856)	-	-	(59,850)
Proceeds from issuance of bonds	45,060	-	-	-
Proceeds of refunding debt	-	-	-	66,790
Capital contribution	3,437	-	-	-
Total other financing sources (uses)	<u>3,951</u>	<u>711</u>	<u>13,542</u>	<u>8,159</u>
Extraordinary gain (loss)	-	-	(81,889)	-
Net change in fund balance	<u>\$ 33,283</u>	<u>\$ (612)</u>	<u>\$ (72,379)</u>	<u>\$ 5,578</u>
Debt service as a percent of noncapital expenditures	6.8%	5.6%	6.6%	9.9%

Source: City of Santa Ana 2005 - 2014 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						
2010	2009	2008	2007	2006	2005	
\$ 193,055	\$ 205,817	\$ 210,242	\$ 201,155	\$ 190,891	\$ 173,009	
2,845	3,485	3,321	3,488	4,172	3,822	
128,240	109,186	89,337	128,046	87,718	85,023	
10,147	9,161	13,643	10,878	16,280	13,570	
6,435	7,332	7,645	5,891	5,911	5,005	
2,072	11,504	13,568	27,458	29,696	26,203	
-	-	350	-	-	-	
44,368	39,359	35,050	13,242	15,487	9,111	
<u>387,162</u>	<u>385,844</u>	<u>373,156</u>	<u>390,158</u>	<u>350,155</u>	<u>315,743</u>	
11,745	20,300	16,497	19,152	15,022	13,107	
23,629	26,883	28,176	28,264	24,636	22,917	
177,346	173,793	160,806	156,930	141,660	134,747	
19,716	22,022	23,134	20,032	17,769	15,493	
67,454	53,439	55,330	40,225	40,968	43,220	
56,481	46,819	41,769	77,665	48,385	40,708	
12,485	12,791	11,154	11,614	11,350	9,641	
20,769	20,992	20,430	19,384	20,142	21,518	
28,594	11,738	11,503	8,993	9,465	6,397	
<u>418,219</u>	<u>388,777</u>	<u>368,799</u>	<u>382,259</u>	<u>329,397</u>	<u>307,748</u>	
(31,057)	(2,933)	4,357	7,899	20,758	7,995	
68,438	65,647	57,400	39,411	67,313	67,470	
(68,619)	(69,137)	(61,025)	(42,582)	(69,597)	(64,461)	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	700	-	526	-	-	
-	-	-	-	-	-	
-	-	68,010	-	-	-	
-	-	(1,032)	-	-	-	
-	-	-	-	-	-	
<u>(181)</u>	<u>(2,790)</u>	<u>63,353</u>	<u>(2,645)</u>	<u>(2,284)</u>	<u>3,009</u>	
-	-	-	-	-	-	
\$ <u>(31,238)</u>	\$ <u>(5,723)</u>	\$ <u>67,710</u>	\$ <u>5,254</u>	\$ <u>18,474</u>	\$ <u>11,004</u>	
9.2%	9.9%	9.7%	10.2%	11.2%	11.7%	

**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		
2014	\$ 19,579,938	\$ 1,539,745	\$ (164,260)	\$ 20,955,423	-
2013	18,829,929	1,432,409	(168,762)	20,093,576	-
2012	18,509,578	1,591,287	(172,181)	19,928,684	-
2011	18,313,282	1,575,006	(173,894)	19,714,394	-
2010	18,811,560	1,700,267	(174,101)	20,337,726	-
2009	20,220,321	1,711,122	(175,015)	21,756,428	-
2008	19,553,630	1,630,486	(177,491)	21,006,625	-
2007	17,927,887	1,631,584	(180,619)	19,378,852	-
2006	16,039,774	1,415,202	(186,041)	17,268,935	-
2005	14,530,607	1,449,024	(187,232)	15,792,399	-

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	
\$ 5,766,230	\$ 1,043,697	\$ (5,889)	\$ 6,804,038	1.1230	
5,612,900	991,788	(6,027)	6,598,661	1.1134	
5,499,129	1,014,608	(6,088)	6,507,649	1.1066	
5,508,301	1,030,585	(6,124)	6,532,762	1.1068	
5,861,379	1,147,376	(5,924)	7,002,831	1.1055	
5,802,723	1,135,087	(5,827)	6,931,983	1.0590	
5,204,255	1,077,781	(5,980)	6,276,056	1.0641	
3,915,380	1,002,201	(4,456)	4,913,125	1.0630	
3,957,501	909,681	(3,242)	4,863,940	1.0656	
3,705,383	910,600	(3,132)	4,612,851	1.0827	

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

	2014	2013	2012	2011
City direct rates:				
City basic rate	(1)	(1)	(1)	(1)
Redevelopment agency				
Total City direct rate	-	-	-	-
Overlapping Rates:				
Santa Ana Unified School				
District bonds	0.06869	0.07749	0.07147	0.07167
Rancho Santiago Community				
College District bonds	0.05078	0.03241	0.03146	0.03141
Metropolitan Water District	0.00350	0.00350	0.00370	0.00370
County of Orange	1.00000	1.00000	1.00000	1.00000
Total direct rate	<u>1.12297</u>	<u>1.11340</u>	<u>1.10663</u>	<u>1.10678</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 their services.

A state constitutional amendment - Proposition 13 - effective July 1, 1978 altered the method of property tax assessment. This amendment essentially reduces the total property tax levy to 1 percent of full cash value on 4 percent of assessed value on the 1975-76 assessments adjusted upward for the lesser of the increase in the CPI or per capita income indices or 2% compounded for each succeeding year except that property changing ownership subsequent to 1975-76 and improvements are reassessed at the time of the exchange or improvement and adjusted each year thereafter at the appropriate rate.

The City of Santa Ana had 120 tax code areas during the year ended June 30, 2001. The tax rate in these areas were 1.00000% and 1.00770% of assessed valuation. Tax Rate Area 11-003 is the largest representing about 25% of the total assessed valuation.

Rates are stated as a percentage of assessed valuation. Beginning in 1981-82 assessed valuation is stated at 100% of full cash property value. Prior to that fiscal year, assessed valuation was stated 25% of full cash property value.

1. Basic levy (Prop. 13) for county, city, schools, and districts (apportioned by County Auditor). Proposition 13 in effect eliminated the property rates for cities, exclusive of voted authorizations for which a rate may be established for debt service on debt authorized by the voters prior to July 1, 1978.

Source: County of Orange Auditor-Controller's Office

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

SCHEDULE 6

2010	2009	2008	2007	2006	2005
(1)	(1)	(1)	(1)	(1)	(1)
-	-	-	-	-	-
0.07388	0.03212	0.03585	0.03915	0.04353	0.04961
0.02735	0.02253	0.02373	0.01911	0.01691	0.02726
0.00430	0.00430	0.00450	0.00470	0.00520	0.00580
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<u>1.10553</u>	<u>1.05895</u>	<u>1.06408</u>	<u>1.06296</u>	<u>1.06564</u>	<u>1.08267</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
2014	\$ 30,143,293	\$ 29,807,066	98.9%	\$ 218,538	\$ 30,025,604	99.6%
2013	28,633,536	28,286,767	98.8%	271,597	28,558,364	99.7%
2012	28,167,014	27,732,887	98.5%	394,398	28,127,285	99.9%
2011	27,822,469	27,343,618	98.3%	421,347	27,764,965	99.8%
2010	28,081,259	27,424,429	97.7%	76,711	27,501,140	97.9%
2009	31,259,324	30,127,022	96.4%	470,972	30,597,994	97.9%
2008	31,693,492	30,461,410	96.1%	1,215,444	31,676,854	99.9%
2007	29,479,693	26,578,304	90.2%	1,824,367	28,402,671	96.3%
2006	28,514,594	24,929,393	87.4%	971,194	25,900,587	90.8%
2005	23,876,714	21,658,397	90.7%	524,437	22,182,834	92.9%

Source: County of Orange Auditor-Controller's Office



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

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

Category	Fiscal Year			
	2014	2013	2012	2011
General Retail	\$ 35,775	\$ 34,999	\$ 33,824	\$ 32,722
Business to Business	29,394	27,917	27,003	27,500
Transportation	37,931	36,590	34,379	31,641
Food Products	24,623	23,428	22,040	20,797
Construction	17,845	16,171	15,005	14,239
Miscellaneous ¹	2,285	1,605	1,510	1,428
Total	\$ 147,854	\$ 140,708	\$ 133,762	\$ 128,327

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.

SCHEDULE 8

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

Principal Property Tax Remitters Fiscal Year 2014

Principal Property Tax Remitters	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Main Place Shoppingtown	\$ 227,306,384	1	1.09%
Essex Skyline Holdings RP	133,371,203	2	0.64%
First American Title	124,453,538	3	0.59%
AG/LPC Griffin Towers LP	94,199,152	4	0.45%
Freedom Newspapers Inc	79,297,448	5	0.38%
Colton David A	71,486,113	6	0.34%
Lapco Industrial Parks	68,827,444	7	0.33%
Bel Santa Ana LLC	64,686,870	8	0.31%
Fund IX VT Santa Ana LLC	60,047,961	9	0.29%
1851 E First Street Investors	<u>58,992,680</u>	10	<u>0.28%</u>
Total	<u>\$ 982,668,793</u>		<u>4.70%</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			
	2014	2013	2012	2011
Type of Customer				
Residential	8,285,900.4	8,191,888.8	8,054,021.9	8,017,322.1
Commercial	2,315,563.4	2,257,527.6	2,203,292.3	2,174,889.3
Industrial	844,945.3	801,654.8	761,203.7	725,834.5
Wholesale food	117,576.6	114,953.4	113,081.9	110,922.4
Government	360,322.8	352,676.0	350,978.8	325,890.9
Others ¹	555,458.8	508,589.9	485,600.9	489,859.2
Total	<u>12,479,767.4</u>	<u>12,227,290.5</u>	<u>11,968,179.5</u>	<u>11,844,718.4</u>
Total direct rate per 44 units ²	\$ 2.727	\$ 2.727	\$ 2.727	\$ 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					
2010	2009	2008	2007	2006	2005
8,084,666.0	9,775,959.9	9,116,657.7	9,696,685.3	9,221,423.3	9,477,817.4
2,158,521.6	2,772,523.9	2,751,669.8	2,955,599.3	2,895,335.2	2,767,566.3
710,905.9	996,097.7	965,694.2	1,089,224.9	971,067.8	994,549.0
106,531.7	115,519.1	110,642.7	117,391.9	124,716.3	129,422.0
316,262.6	218,620.8	116,565.3	122,765.5	102,283.7	319,429.7
515,525.3	655,178.0	548,450.8	572,328.5	481,370.2	504,001.7
<u>11,892,413.1</u>	<u>14,533,899.4</u>	<u>13,609,680.5</u>	<u>14,553,995.4</u>	<u>13,796,196.5</u>	<u>14,192,786.1</u>
\$ 2.673	\$ 2.284	\$ 2.085	\$ 1.871	\$ 1.760	\$ 1.608

**Water Rates
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Monthly base Rate ¹	Rate per 44 Units ²
2014	\$ 7.00	2.73
2013	7.00	2.73
2012	7.00	2.73
2011	7.00	2.67
2010	7.00	2.67
2009	7.00	2.28
2008	7.00	2.09
2007	7.00	1.87
2006	7.00	1.76
2005	7.00	1.61

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 2014**

Water Customer	2014	
	Taxable Water Charges	Percentage of Total Water Revenues
Chroma Systems	\$ 424,990	0.85%
Adohr Farms Inc	274,543	0.55%
Power Circuits Inc.	240,607	0.48%
Fairview Villas	207,508	0.41%
County of Orange	199,296	0.40%
Warwick Square Assoc. Inc.	152,911	0.31%
Far West Management Corp	139,611	0.28%
County of Orange	159,719	0.32%
Centennial Park	115,269	0.23%
Town Square Owners	124,291	0.25%
Total	\$ 2,038,747	4.08%

Source: City of Santa Ana Finance Department, Water Division

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

Ratios of Outstanding Debt by Type¹
Last Ten Fiscal Years
(Net of Bond Discount/Premium)

Other Governmental Activities Debt					
Fiscal Year Ended June 30	Tax Allocation Bonds	Tax Allocation Refunding Bonds	Capital Leases	Certificates of Participation	
2014	\$ -	\$ -	\$ -	\$ 62,375,045	
2013	-	-	166,487	72,032,547	
2012	-	-	1,565,275	73,600,049	
2011	84,275,000	20,912,721	2,930,437	75,102,551	
2010	18,010,000	22,716,810	4,342,004	76,540,053	
2009	18,520,000	24,440,902	5,705,163	76,850,720	
2008	19,020,000	26,094,991	8,516,932	77,146,652	
2007	19,510,000	27,689,080	4,087,758	10,455,000	
2006	19,990,000	29,243,169	4,511,149	10,745,000	
2005	20,470,000	30,757,258	5,684,440	11,020,000	
Fiscal Year Ended June 30	Lease Revenue Bonds	Refunding Revenue Bonds	Long Term Loans	Private Placement Financing	
2014	\$ 33,550,000	\$ -	\$ 822,967	\$ 45,060,000	
2013	71,778,997	-	352,396	-	
2012	76,357,998	-	1,708,894	-	
2011	80,721,999	-	7,633,917	-	
2010	84,906,000	64,930,000	8,006,082	-	
2009	88,929,999	69,750,000	8,328,862	-	
2008	92,794,000	74,335,000	7,050,475	-	
2007	96,543,001	78,695,000	7,054,737	-	
2006	100,967,002	82,850,000	8,878,375	-	
2005	105,301,003	86,830,000	10,586,752	-	
Business-type Activities					
Fiscal Year Ended June 30	Revenue Bonds Payable	Certificates of Participation	Refunding COP	Notes Payable	
2014	\$ 13,086,938	\$ -	\$ 2,576,013	\$ 653,038	
2013	13,281,809	-	3,939,865	825,511	
2012	14,128,209	-	5,299,820	992,102	
2011	14,949,609	-	6,469,775	1,153,012	
2010	15,746,009	-	7,484,730	1,308,434	
2009	16,522,409	-	8,364,685	1,458,557	
2008	17,278,809	-	9,124,640	1,603,559	
2007	18,015,209	2,360,000	9,914,595	1,743,617	
2006	18,731,609	3,428,883	11,294,550	1,878,899	
2005	19,438,010	4,432,394	12,589,505	2,009,567	

SCHEDULE 13

Private-purpose Trust Activities						
Fiscal Year Ended June 30		Tax Allocation Bonds		Tax Allocation Refunding Bonds		Long Term Loans
2014	\$	82,590,000	\$	15,703,135	\$	5,050,009
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		-		-		-
Total						
Fiscal Year Ended June 30		Total Primary Government		Percentage of Personal Income ²		Debt Per Capita ²
2014	\$	261,467,145	\$	0.15%	\$	4,796
2013		268,529,344		0.16%		4,972
2012		282,310,784		0.18%		5,553
2011		294,149,021		0.20%		6,024
2010		303,990,122		0.21%		6,221
2009		318,871,297		0.21%		6,163
2008		332,965,058		0.22%		6,460
2007		276,067,997		0.19%		5,434
2006		292,518,636		0.21%		6,197
2005		309,118,929		0.24%		6,991

Notes:

Source: City of Santa Ana 2005 - 2014 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			
	2014	2013	2012	2011
Debt limit	\$ 527,992,080	\$ 508,494,478	\$ 502,521,612	\$ 497,207,207
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ <u>527,992,080</u>	\$ <u>508,494,478</u>	\$ <u>502,521,612</u>	\$ <u>497,207,207</u>

Legal Debt Margin Calculation for Fiscal Year 2014:

Assessed value	\$ 21,119,683,205
Debt Limit (2.5 percent of assessed value) ¹	<u>527,992,080</u>
Debt applicable to limit:	
General obligation bonds	None
Legal debt margin	\$ <u>527,992,080</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					
2010	2009	2008	2007	2006	2005
\$ 512,795,676	\$ 548,286,091	\$ 529,602,908	\$ 488,986,777	\$ 436,374,410	\$ 333,262,607
-	-	-	-	-	-
<u>\$ 512,795,676</u>	<u>\$ 548,286,091</u>	<u>\$ 529,602,908</u>	<u>\$ 488,986,777</u>	<u>\$ 436,374,410</u>	<u>\$ 333,262,607</u>

Direct and Overlapping Debt Fiscal Year 2014

<u>City of Santa Ana</u>				
2013-14 Assessed Valuation:	\$	21,119,683,205		
		Total Debt 6/30/14	% Applicable	City's Share of Debt 06/30/14
Overlapping Tax and Assessment Debt:				
Metropolitan Water District	\$	132,275,000	0.964	\$ 1,275,131
Coast Community College District		632,413,698	0.249	1,574,710
Rancho Santiago Community College District		285,430,201	31.527	89,987,579
Garden Grove Unified School District		244,995,160	11.472	28,105,845
Santa Ana Unified School District		289,561,562	63.116	182,759,675
Tustin Unified School District Facilities Improvement District No 2002-1		53,319,645	13.435	7,163,494
Tustin Unified School District Facilities Improvement District No 2008-1		72,135,000	13.782	9,941,646
Tustin Unified School District Facilities Improvement District No 2012-1		35,000,000	9.128	3,194,800
Total Overlapping Tax and Assessment Debt:				\$ 324,002,880
Direct Governmental Fund Debt (Net of Bond Discount/Premium):				
City of Santa Ana Governmental Fund Obligations				
Police Administration & Holding Facility Series 1994A		33,550,000		33,550,000
Private Placement Financing		45,060,000		45,060,000
Refunding Series 2003A		2,576,013		2,576,013
2007 Local Street Improvement Projects		62,375,045		62,375,045
Long-Term Loans & Other Payable		822,967		822,967
Total Gross Direct Governmental Fund Debt		144,384,025	100	144,384,025
Less: City of Santa Ana Certificate of Participation supported by parking revenues				2,576,013
Total Net Direct Governmental Fund Debt				\$ 141,808,012
Overlapping General Fund Debt:				
Orange County General Fund Obligations	\$	145,476,000	4.774%	\$ 6,945,024
Orange County Pension Fund Obligations		32,195,288	4.774	1,537,003
Orange County Board of Education Certificates of Participation		15,500,000	4.774	739,970
Orange Unified School District Benefit Obligations		86,665,000	2.838	2,459,553
Orange Unified School District Certificates of Participation		33,191,560	2.838	941,976
Santa Ana Unified School District Certificates of Participation		76,291,353	63.116	48,152,050
Total Overlapping General Fund Debt				\$ 60,775,576
Total Gross Direct and Overlapping General Fund Debt				205,159,601
Total Net Direct and Overlapping General Fund Debt				\$ 202,583,588
Overlapping Tax Increment Debt:	\$	97,585,000	99.998-100.0%	\$ 97,584,384
Total Gross Overlapping Debt				\$ 482,362,840
Total Net Overlapping Debt				\$ 482,362,840
Gross Combined Total Debt				\$ 626,746,865 (2)
Net Combined Total Debt				\$ 624,170,852

(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 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.53%
Gross Total Direct Debt (\$144,384,025).....	0.68%
Net Total Direct Debt (\$141,808,012).....	0.67%
Gross Combined Total Debt.....	2.97%
Net Combined Total Debt.....	2.96%

Ratios to Redevelopment Incremental Valuation (\$5,526,960,768):

Total Overlapping Tax Increment Debt.....	1.77%
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Source: California Municipal Statistics, Inc.

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	
2014	\$ 52,856	\$ 42,059	\$ 10,797	900	609	7.16
2013	51,339	41,557	9,782	880	638	6.44
2012	49,482	46,197	3,285	855	664	2.16
2011	47,783	44,917	2,866	830	688	1.89
2010	48,782	42,542	6,240	810	708	4.11
2009	47,338	38,734	8,604	790	729	5.67
2008	42,574	38,356	4,218	770	749	2.78
2007	42,233	36,327	5,906	750	767	3.89
2006	38,401	32,810	5,591	740	783	3.67
2005	35,992	32,846	3,146	455	1,069	2.06

Source: City of Santa Ana 2005 - 2014 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)
2013	331,953	\$ 169,792,810	\$ 54,519	6.2%
2012	329,915	166,634,101	54,008	7.6%
2011	327,731	155,259,397	50,839	8.8%
2010	324,528	147,358,664	48,826	9.5%
2009	357,754	145,968,001	48,865	8.8%
2008	355,662	153,028,089	51,741	5.3%
2007	353,184	151,102,207	51,542	3.9%
2006	353,428	148,982,081	50,808	3.4%
2005	351,322	138,779,933	47,203	3.8%
2004	351,697	130,069,546	44,216	4.3%

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

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

**Principal Employers
Fiscal Year 2014**

<u>Employer</u>	2014	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
County of Orange	17,658	11.0%
Santa Ana Unified School District	4,654	2.9%
Santa Ana College	2,875	1.8%
First American Financial	1,500	0.9%
City of Santa Ana	1,445	0.9%
Integrated Healthcare Holdings	1,150	0.7%
Ingram Micro	987	0.6%
Orange County Register (Freedom Communications)	779	0.5%
Superior Court of CA-County of Orange	765	0.5%
Corinthian Colleges Inc	663	0.4%

"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

<u>Function</u>	Full-Time and Part-time Employees as of June 30			
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General government (1)	175	164	165	178
Cultural recreation and community services (2)	392	401	390	396
Public safety (3) (5)	596	635	654	877
Developmental services (4)	216	223	222	256
Community development	<u>59</u>	<u>69</u>	<u>74</u>	<u>90</u>
Total	<u>1,438</u>	<u>1,492</u>	<u>1,505</u>	<u>1,797</u>

1. Includes Human Resources and Finance

2. Includes Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

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

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

SCHEDULE 19

Full-Time and Part-time Employees as of June 30					
2010	2009	2008	2007	2006	2005
192	203	232	229	218	211
395	404	459	462	360	369
896	934	973	963	939	919
246	281	326	311	294	303
94	111	121	122	118	132
<u>1,823</u>	<u>1,933</u>	<u>2,111</u>	<u>2,087</u>	<u>1,929</u>	<u>1,934</u>

Operating Indicators by Function Last Nine Fiscal Years

	2014	2013	2012
Police:			
Physical arrests	10,273	12,100	6,456
Parking citations issued	72,464	72,129	36,709
Traffic citations issued	7,886	10,210	6,816
Responses to 911 calls	165,505	168,362	90,644
Fire:			
Number of emergency calls-SAFD	-	-	14,817
Number of emergency calls-OCFA	19,303	18,961	4,024
Inspections-SAFD	N/A	N/A	2,890
Inspections-OCFA	2,616	1,075	-
Public Works:			
Streets:			
-Street resurfacing (miles)	-	-	-
-Pot holes repaired	24,200	20,400	24,500
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	27	36	61
-Water mains breaks	17	15	25
-Average daily consumption (thousands of gallons)	35,200	35,000	34,000
Parks, recreation and community services:			
Athletic field permits issued	11,619	10,773	9,229
Number of recreation classes (subjects)	415	496	186
Number of facility rentals	1,250	1,466	2,872
Planning and Building:			
Number of building permits issued	2,131	2,417	2,347
Number of plan checks	2,292	3,147	2,220
Number of inspections	20,884	19,813	21,077
Number of demolition building permits	16	12	43
Value of construction (in thousands):			
-Commercial and industrial construction	8,494	22,255	9,564
-Residential construction	6,720	33,918	30,744
-Other additions and alterations	87,656	88,436	76,961

* 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

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

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

	2014	2013	2012
Police:			
Stations	2	3	3
Fire:			
Fire stations	10	10	10
Public Works:			
Street (miles)	422	422	422
Streetlights	1,872	1,822	1,805
Traffic Signals	297	297	297
Parks, Recreation and community services			
Number of parks	44	41	35
Number of libraries	2	2	2
Number of recreation facilities	18	18	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	13	11
Water:			
Water mains (miles)	480	480	481
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	4,826	4,815	4,815
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

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



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report



CITY OF SANTA ANA
CALIFORNIA

2014 Comprehensive Annual Financial Report

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