



CITY OF SANTA ANA, CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017



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

CITY OF SANTA ANA, CALIFORNIA

2017
Comprehensive Annual
Financial Report

For the Fiscal Year Ended June 30, 2017

Prepared by
Finance & Management Services Agency

Francisco Gutierrez
Executive Director



Comprehensive Annual Financial Report

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MAYOR

Miguel A. Pulido
MAYOR PRO TEM
Michele Martinez
COUNCILMEMBERS
P. David Benavides
Vicente Sarmiento
Jose Solorio
Sal Tinajero
Juan Villegas



CITY MANAGER
Raul Godinez II
CITY ATTORNEY
Sonia R. Carvalho
CLERK OF THE COUNCIL
Maria D. Huizar

CITY OF SANTA ANA

20 Civic Center Plaza • P.O. Box 1988
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December 12, 2017

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

In accordance with the requirements of the California State law and City Charter, it is our pleasure to present the Comprehensive Annual Financial Report (CAFR) for the City of Santa Ana (the City) for the fiscal year ended June 30, 2017. 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 City's financial statements have been audited by White Nelson Diehl Evans LLP (WNDE), a firm of certified public accountants who were selected via a competitive bid process and subsequently awarded a contract on May 3, 2016. The auditors have issued unmodified opinions on these financial statements. Such opinions state that the auditors believe the City adhered to the applicable accounting regulations appropriately and that the financial report is fairly presented in all material respects in accordance with accounting principles generally accepted in the United States. Their report is located at the front of the financial section of the CAFR.

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.

SANTA ANA CITY COUNCIL

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Independent Audits

The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2017 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. WNDE concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

If over \$750,000 is expended on Federal Financial grant programs, the City is also required to undergo an annual "Single Audit" in conformity with the provisions of the Single Audit Act of 1996 and Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). For the year-ended June 30, 2017, the City expended over \$750,000 in federal grant monies and thus is required to undergo a Single Audit. The standards governing Single Audit engagements require the auditors to consider internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Due to the size and complexity of the City's financial systems and the timing of the audit, the Single Audit report is issued separately from the CAFR. The Single Audit reports are finalized during the first quarter of calendar year 2018 and available upon request.

City Profile

The City provides a full range of municipal services, including: police and fire protection (contracted with Orange County Fire Authority), the construction and maintenance of streets and related infrastructure, municipal utilities such as water, sewer, refuse and sanitation, recreational activities, a public library along with various cultural events. Additionally, the City is responsible for three other legally separate entities which include the Successor Agency to the Santa Ana Redevelopment Agency, Housing Authority of the City of Santa Ana, 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. Santa Ana is 57th most populous in the nation according to the 2011 Census data and the 11th largest in the State.

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

City Profile (continued)

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 also responsible for developing and recommending the City's one-year Forecast and four-year financial projection through the development of the City's budget, which is then submitted to the City Council for approval.

Moreover, Santa Ana is the 2nd largest City within Orange County occupying 27.3 square miles and serving a population of 341,341. Centrally located within Orange County, the City houses both State and Federal agencies, County Administration, County Court functions and the Ronald Reagan Federal Court House within its civic center complex. The current Office of Management and Budget metropolitan designation for the Orange County Area is Santa Ana–Anaheim–Irvine.

Santa Ana is also home to many attractive amenities such as the Main Place shopping mall, the world renowned Bowers Museum, the Discovery Science Center, and the Santa Ana Zoo at Prentice Park which includes a variety of animal exhibits such as the Ocelot Exhibit and the Conservation Carrousel featuring endangered species. Santa Ana also boasts many unique shops, premier restaurants and artist galleries in the Historic Downtown Santa Ana area.

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

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

Santa Ana is also the headquarters for many recognized companies such as Behr Paint, First American Corporation, Abbott Medical Optics, Yokohama Tires, Stearns Lending and SchoolsFirst Federal Credit Union a leading Credit Union serving the educational community for the region. The City also houses major regional headquarters for the Xerox Corporation, Psomas and Ultimate Software.

Local Economy

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

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

Local Economy (continued)

Currently the City is experiencing moderate growth within its revenue sources such as; sales tax, property tax, property in-lieu of vehicle license fees, business license and hotel visitors tax. As noted previously, increased economic activity is reflected with surging valuations for both property and building which in turn is providing the City a stable and reliable sources of income (Property Tax and Building Permit fees). The increase in the assessed valuation for the City is approximately 5% from the prior fiscal year.

Economic Condition and Outlook

On May 20, 2017, Staff projected a deficit approximating \$2.2 million for the fiscal year 2016-17 General Fund. However, the year-end deficit realized totaled \$0.4 million largely attributable to revenues exceeding forecast projections.

Additionally, City Staff developed and presented a two-year financial forecast. The two-year forecast is a useful tool and a financial management best practice to provide policy makers a road map guiding strategic decision-making. Key elements for the forecast include but not limited to moderate revenue growth within its six major sources of revenue such as Sales Tax, Property Tax Business License Tax and Utility Users tax. Additionally, the forecast incorporates increases within both its retirement and health insurance costs and reflects a projected deficit in the upcoming fiscal years.

In addition, the Forecast also reflects the use of one-time revenues in order to balance its General Fund budget. However, the Forecast solidifies the City's commitment in funding its core functions, such as Public Safety, Recreation, Capital Improvements and Economic development initiatives. In order to minimize its use of one-time funds, the City Council recently passed measures which address the projected deficit specifically augmentation of Cannabis regulation along with awarding of new Federal Contracts regarding the housing of inmates at the City's Jail. Furthermore, the Forecast also reflects its commitment in maintaining both an operating reserve and economic uncertainty account.

Furthermore, staff continues to leverage the positive economic climate the City is currently operating under via establishment of economic incentives for its Auto Mall and funding of Public/Private partnerships which focus on short-term economic stabilization and long-term economic sustainability. The Santa Ana Auto Mall has completed nearly \$66.0 million in renovation for its existing dealerships. Additionally, the Main Place Mall has recently opened various dining establishments such as the Panini Café and Lucille's Barbecue. As a result of these partnership, the following programs and related accomplishments have been achieved:

- City/Chamber Business Retention team
 - Over 700 business visited since 2015
- South Main Street Public Improvements
 - Over \$7 million will be invested within the next 5 years

Economic Condition and Outlook (continued)

Recently/to be completed major economic projects include the following:

Residential

- The Nineteen 01
 - 256 Mixed Use development
 - 6,300 sq. ft. of Commercial space
 - Located at 200 North Cabrillo Park Drive

- The Artisan at South Coast
 - 42 unit Single Family Residential Development
 - Property is an 8-acre vacant parcel that was formerly a church site
 - Located at 2001 West MacArthur Boulevard

Commercial

- Elks Lodge
 - 58,000 square foot office/meeting space for Santa Ana Elks Lodge
 - Located at Edinger Avenue and Lyon Street

- Shea Properties Industrial Campus
 - Approximately 500,000 square feet of industrial space
 - A total of nine industrial buildings to be constructed
 - Located at 666 E. Dyer Road

In the upcoming fiscal year, the City will strive to continue momentum in spurring economic development via offering of incentives to build four or five star rated hotel along with continuing to support the arrival of the Street Car, which is an exciting Capital Project expected to spur economic development, create jobs and generate additional revenue for the City. In addition, expansion of the City's cannabis program along with expansion of the United States Marshals' Jail contract reflect revenue enhancements addressing the current projected budgetary deficit. Furthermore, the City has completed various repairs arterial and infrastructure improvements to City Streets and bikeways. The capital investment has allowed City visitors and residents the opportunity to travel in a safe, efficient and timely manner on its roadways.

Long-term financial planning

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

Long-term financial planning (continued)

During the budget process for fiscal year 2012-13, the City committed to establishing a fundamental strategy of balancing its budget 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 2016-17, the City continued to maintain its operating reserves for its General Fund expenditures along with maintenance of its economic uncertainty account. The City also continues to evaluate its various funds to maintain adequate reserves levels to meet emergency repairs, capital needs and other unforeseen expenditures. Furthermore, as the City monitors local and national economic trends, it will continue to evaluate the amount required to maintain as a reserve for its General Fund. In addition, to the reserve levels maintained within its General Fund, the City has also implemented various measures to improve the City's financial health, such as the establishment of the operating expense reserve for its various enterprise and internal services funds.

As a means to provide additional services to the community and reduce the burden on city finances, the City will continue to research and apply for both Federal and State grant opportunities which are in alignment with City's Five-Year Strategic Plan. Through the efforts of our departments and the citywide grants task force, the City secured grant funding for Public Safety, Active Transportation, Park Site and Improving Community Health.

Also through the efforts of the Santa Ana Police Department, the Department of Justice continues to award funding via the Community Oriented Policing Services (COPS) grant totaling approximately \$1.25 million for each funding year. The grant allows for the City to continue to fund police officers during the upcoming year reflecting its commitment with Public Safety.

Relevant Financial Policies

On June 4, 2012, the City Council adopted the Fiscal and Budget Policy (Policy), a comprehensive set of financial policies and General Fund budget policy directives. A revision was made to the Policy during June, 2017. The revisions to the policy define the appropriateness of when to utilize the reserve along with updated language regarding the amount to be maintained within the operating reserve. During fiscal year 2016-17, the City continues to maintain a reserve for the General Fund which totals approximately \$42.4 million along with an economic uncertainty account in the amount of \$3.8 million.

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:

Major Initiatives (continued)

- City was issued a “AA” Credit rating from Standard & Poor’s. The rating reflects the City’s commitment to fiscal management and policy framework; excellent labor relations, prudent use of debt; diversified revenue base; and flourishing economic development.
- During the fiscal year, the Public Works Agency (PWA) has completed various projects including but not limited to the following: resurfacing of City arterial streets; park improvements and entered into a Public / Private Partnership referred to as the Warner Industrial Project.
- The Santa Ana Police Department is updating the City’s Emergency Operation Center (EOC) emergency preparedness plan to include a community evacuation strategy to respond to natural disasters and partner with emergency assistance and disaster relief organizations to promote community awareness of emergency preparedness (e.g. citywide community preparedness day).
- The City’s Parks, Recreation & Community Services Agency (PRCSA) during the most recently completed fiscal year sponsored various events for the community. Key components of its program were events held within the City’s Downtown district such as the annual Fiestas parade and SOMOS (Sunday on Main Open Streets) and establishment of the Farmers Market.
- The PRCSA also implemented security lighting at its various Recreational facilities.
- The City’s Community Development Agency continues administering approximately \$30 million Housing Program along with developing affordable housing.
- The City’s Finance and Management Services Agency received an award from the Government Finance Officers Association for Excellence in Budget Presentation.
- The Information Technology Agency oversaw the implementation of various efficiency items for its internal customers.

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, 2016. The City has received this prestigious award for thirty nine 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.


Awards and Acknowledgements (continued)

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,



Raul Godinez II
City Manager



Francisco Gutierrez
Executive Director
Finance & Management Services Agency



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

GFOA Certificate of Achievement

Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2016



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, 2016

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

Executive Director/CEO

Directory of City Officials

June 30, 2017



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



**Councilmember
Vicente Sarmiento**
vsarmiento@santa-ana.org

**Ward
1**



**Mayor Pro-Tem
Michele Martinez**
mimartinez@santa-ana.org

**Ward
2**



**Councilmember
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**Ward
3**



**Councilmember
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**Ward
4**



**Councilmember
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**Ward
5**



**Councilmember
Sal Tinajero**
stinajero@santa-ana.org

**Ward
6**

Directory of City Officials

June 30, 2017



Raul Godinez II
CITY MANAGER

MARIA D. HUIZAR
CLERK OF THE COUNCIL

SONIA R. CARVALHO
CITY ATTORNEY

COMMUNITY DEVELOPMENT
ROBERT ZUR SCHMIEDE
INTERIM EXECUTIVE DIRECTOR

FINANCE & MANAGEMENT SERVICES AGENCY
FRANCISCO GUTIERREZ
EXECUTIVE DIRECTOR

PERSONNEL SERVICES AGENCY
EDWARD S. RAYA
EXECUTIVE DIRECTOR

PLANNING & BUILDING AGENCY
CANDIDA NEAL
ACTING EXECUTIVE DIRECTOR

POLICE DEPARTMENT
DAVID VALENTIN
ACTING CHIEF OF POLICE

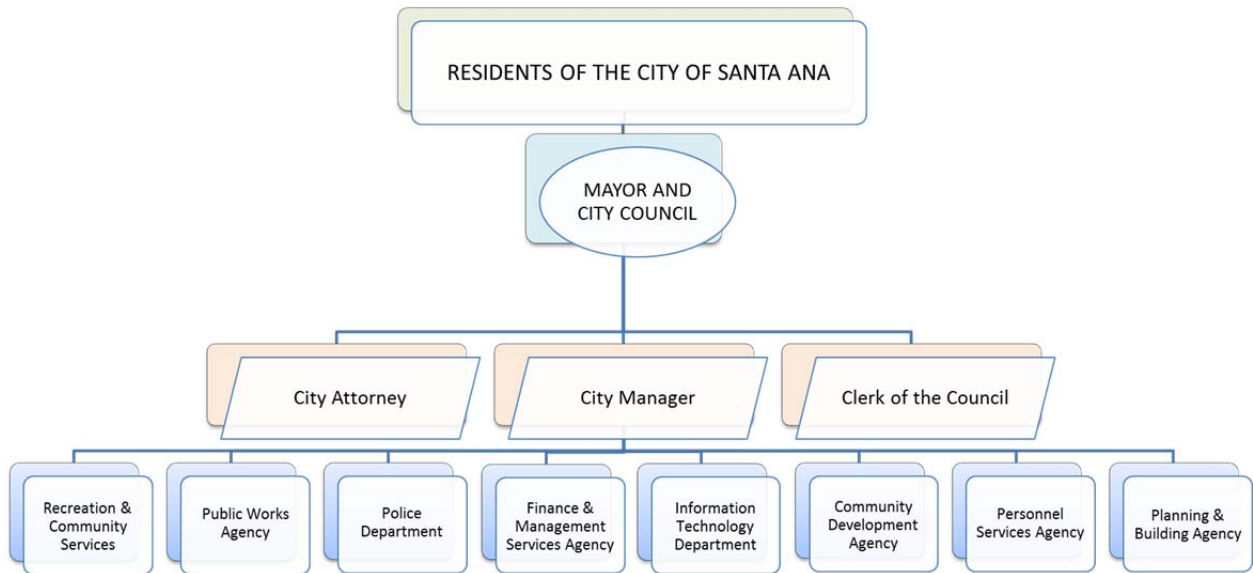
PARKS, RECREATION & COMMUNITY SERVICES AGENCY
GERARDO R. MOUET
EXECUTIVE DIRECTOR

PUBLIC WORKS AGENCY
FARHAD MOUSAVIPOUR
EXECUTIVE DIRECTOR

INFORMATION TECHNOLOGY DEPARTMENT
JACK CIULLA
CHIEF TECHNOLOGY INNOVATIONS OFFICER

Table of Organization

Fiscal Year 2016-2017



CITY OF SANTA ANA, CALIFORNIA

Financial Section



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Ana, California (the City), as of and for the year ended June 30, 2017, and the related notes to the basic 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, 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.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules - General and Major Special Revenue Funds, Notes to the Required Supplementary Information, Schedule of Changes in Net Pension Liability and Schedule of Plan Contributions for the Miscellaneous, Safety, and Supplementary Retirement Plans, OPEB Schedule of Funding Progress, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI 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 non-major fund financial statements and schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Matters (Continued)

Other Information (Continued)

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
December 12, 2017

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 the fiscal year ended June 30, 2017. 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, and the City's basic financial statements in the financial section of this report. **All amounts, unless otherwise indicated, are expressed in millions of dollars.**

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2017 by \$778.1 million (net position). The net position consist of the following amounts: \$944.3 million is net investment in capital assets, \$179.3 million is restricted for various programs and a deficit of \$(345.5) million is unrestricted. The net position increase in the amount of \$22.3 million from the prior year is largely attributable to an increase in Cash and Investments (\$17.6 million) from various revenue sources such as charges for services along with capital grants and contributions. Additionally, the positive net position reflects the implementation of the City's pension liability which totals \$571.5 million as of June 30, 2017.
- The City's total capital assets increased \$17.4 million (1.7%). Capital assets in the governmental activities increased \$10.3 million (1.1%) and business-type activities capital assets increased \$7.1 (6.5%) million during the current fiscal year largely as a result of the completion of infrastructure segments related capital projects such as the Bristol Street widening.
- As of June 30, 2017, nonspendable, restricted, and assigned fund balance for the General Fund was \$12.1 million (16.2%), leaving 62.5 million (83.8%) as unassigned. However, included within the unassigned fund balance is the operating reserve of \$42.4 million and economic uncertainty reserve account of \$3.9 million. The remaining unassigned fund balance consist of an unallocated amount totaling \$16.2 million.
- The City's total long-term liabilities increased \$97.4 million (14.2%) during the current fiscal year mainly attributable to an increase of the City's net pension liability.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$226.7 million, a decrease of \$1.1 million (0.48%) as compared to the prior fiscal year. Of this amount, \$67.1 or approximately 29.6% of total fund balances are available for spending at the City's discretion (nonspendable, assigned, and unassigned fund balance). The City's restricted net position of \$159.6 million (70.4%) represents amounts available for ongoing programs with external restrictions.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include the following Departments: 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 the following Enterprise Activities: Water, Parking, Sewer, Sanitation, Refuse Collections, Transportation Center, and Federal Clean Water Protection.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also blended component units. Certain blended component units, although legally separate entities are, in substance, part of the primary government's operations for which there is a benefit/burden relationship 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. Fiduciary funds are not presented in the government-wide financial statements, as the resources are not available to support the City programs. The government-wide financial statements can be found on pages 40-42 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Grants, Special Revenue Housing Authority, Special Revenue Gas Tax, Capital Projects Housing Successor Agency, Capital Projects Street Construction, and Debt Service Santa Ana Financing Authority, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the Supplementary Information.

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

The basic governmental fund financial statements can be found on pages 47-53 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City's enterprise funds account for Water, Parking, Sewer, Sanitation, Refuse Collections, Transportation Center, 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 & communications services. 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, Sewer, and Sanitation operations which are considered to be major funds of the City. Remaining nonmajor enterprise funds and all internal service funds are aggregated in a single column in the proprietary fund financial statements, respectively. Individual fund data for the nonmajor enterprise and all internal service funds are provided in the form of *combining statements* in the Supplementary Schedules.

The basic proprietary fund financial statements can be found on pages 55-62 of this report.

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

The basic fiduciary funds financial statements can be found on page 63-64 and 183-187 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 68-128 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budgetary information and compliance; Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Plan Contributions, and OPEB Schedule of Funding Progress. Required supplementary information can be found on pages 132-141 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 144-187 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources of the City's government-wide activities exceeded liabilities and deferred inflows of resources by \$778.1 million at the close of fiscal year 2016-17 reflecting a positive net position which include an increase of the City's net pension liability during the current fiscal year along with the addition of Other Liabilities such as a loan agreement which provided funding for Public Safety Communication (800 MHz).

The largest portion of the City's net position (\$944.3 million) represents its investment in capital assets (e.g., land, right of way, street trees, construction in progress, buildings, improvements, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City utilizes these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second largest portion of the City's net position (\$179.3 million) represents resources that are subject to external restrictions on how they may be used. The remaining portion of the City's net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. As of June 30, 2017, the City's government-wide activities unrestricted net position was a deficit of (\$345.5) million.

**City of Santa Ana
Statement of Net Position**

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 387.7	\$ 377.9	\$ 87.7	\$ 82.8	\$ 475.4	\$ 460.7
Capital assets, net of accumulated depreciation	954.7	944.4	116.5	109.4	1,071.2	1,053.8
Total assets	<u>1,342.4</u>	<u>1,322.3</u>	<u>204.2</u>	<u>192.2</u>	<u>1,546.6</u>	<u>1,514.5</u>
Deferred outflows of resources:						
Unamortized loss on bond defeasance	5.5	6.3	0.4	0.5	5.9	6.8
Deferred amounts on pension plans	103.9	31.9	5.7	2.0	109.6	33.9
Total deferred outflows of resources	<u>109.4</u>	<u>38.2</u>	<u>6.1</u>	<u>2.5</u>	<u>115.5</u>	<u>40.7</u>
Liabilities:						
Long-term liabilities	735.1	641.4	49.2	45.5	784.3	686.9
Other liabilities	79.7	71.7	14.1	9.4	93.8	81.1
Total liabilities	<u>814.8</u>	<u>713.1</u>	<u>63.3</u>	<u>54.9</u>	<u>878.1</u>	<u>768.0</u>
Deferred inflows of resources:						
Deferred amounts on pension plans	5.3	29.8	0.6	1.6	5.9	31.4
Net position:						
Net investment in capital assets	842.3	823.9	102.0	96.6	944.3	920.5
Restricted	176.4	156.3	2.9	2.8	179.3	159.1
Unrestricted	(387.0)	(362.6)	41.5	38.8	(345.5)	(323.8)
Total net position	<u>\$ 631.7</u>	<u>\$ 617.6</u>	<u>\$ 146.4</u>	<u>\$ 138.2</u>	<u>\$ 778.1</u>	<u>\$ 755.8</u>

Governmental activities. Governmental activities increased the City's net position by \$14.1 million, thereby accounting for 63.2% of the total growth in net position.

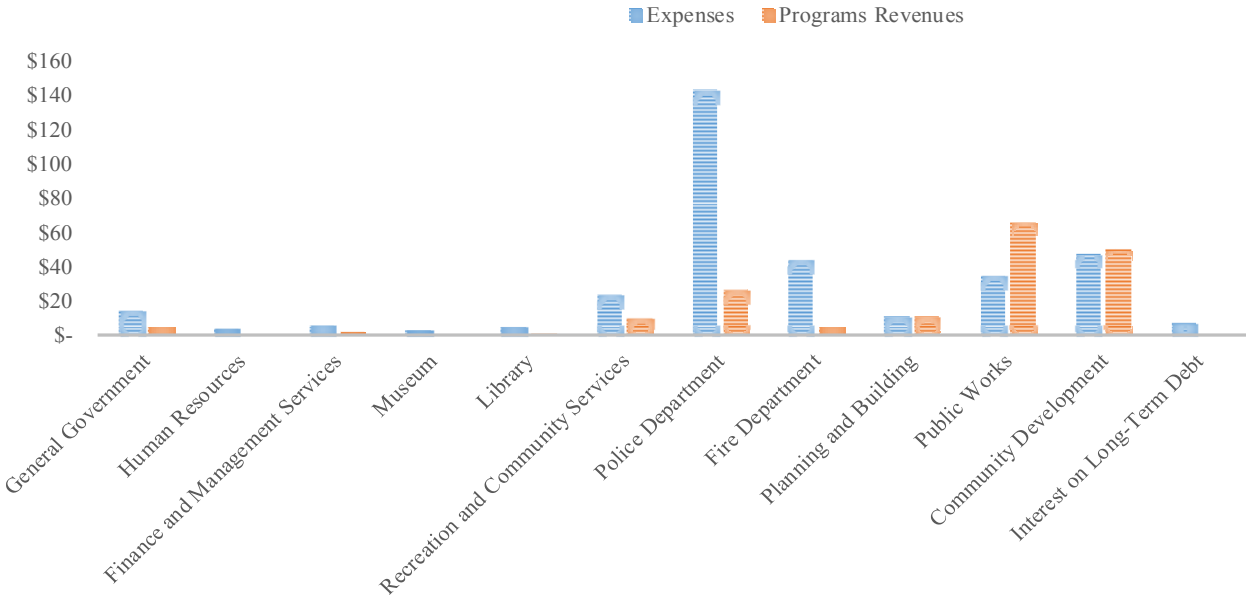
Governmental revenues increased \$39.6 million (12.6%) during the current fiscal year. Key elements related to the increase are an increase in capital grants and contributions due to grant advances and reimbursements for projects such as the Bristol Widening project, Harbor Traffic Signal Synchronization Project, and Santa Ana Delhi Channel Diversion project, along with contributions for the Warner Industrial Community Assessment District. The City also reported a higher property taxes, hotel visitor's taxes, business taxes, and sales tax shared revenue as compared to fiscal year 2015-16.

Governmental expenses increased \$58.7 million (21.0%) during the current fiscal year compared to fiscal year 2015-16. Public safety (Police and Fire) expenses are the most significant (54.9%) of all governmental activities expenses, followed by Community Development (14.0%), Public Works (10.0%), Recreation and Community Services (7.0%), General Government (4.3%), Planning and Building (3.2%), interest on long-term debt (2.0%), and various other programs (4.6%). The increase is large attributable to the increase in the City's total net pension liability and increase in capital project costs and adjustments.

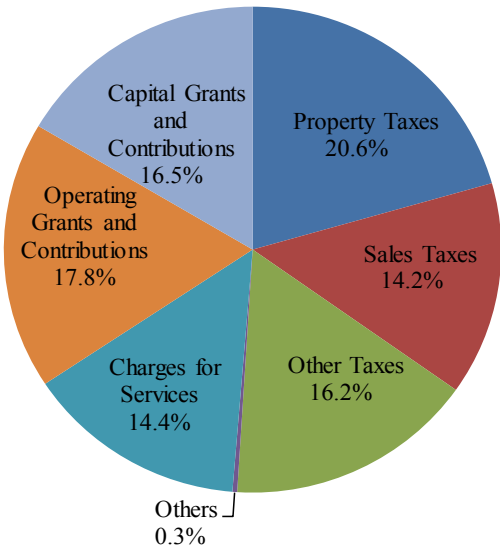
**City of Santa Ana
Changes in Net Position**

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	\$ 50.8	\$ 50.3	\$ 90.4	\$ 85.1	\$ 141.2	\$ 135.4
Operating grants and contributions	62.8	65.5	-	-	62.8	65.5
Capital grants and contributions	58.3	19.9	-	-	58.3	19.9
General revenues:						
Property taxes	72.6	67.9	-	-	72.6	67.9
Hotels visitors taxes	9.8	8.9	-	-	9.8	8.9
Utility users taxes	24.4	25.1	-	-	24.4	25.1
Business taxes	13.8	12.4	-	-	13.8	12.4
Franchise taxes	7.9	8.4	-	-	7.9	8.4
Other taxes	1.4	1.5	-	-	1.4	1.5
Intergovernmental, unrestricted:						
Motor vehicle licenses	0.2	0.1	-	-	0.2	0.1
State mandated costs & reimbursements	0.4	0.8	-	-	0.4	0.8
Sales tax shared revenue	50.0	49.8	-	-	50.0	49.8
Investment income (loss)	0.3	2.5	0.2	0.9	0.5	3.4
Total revenues	352.7	313.1	90.6	86.0	443.3	399.1
Expenses:						
General government	14.4	11.2	-	-	14.4	11.2
Human resources	3.5	1.6	-	-	3.5	1.6
Finance and management services	5.0	3.5	-	-	5.0	3.5
Museum	2.4	1.9	-	-	2.4	1.9
Library	4.5	3.6	-	-	4.5	3.6
Recreation and community services	23.8	20.7	-	-	23.8	20.7
Police department	142.9	114.9	-	-	142.9	114.9
Fire department	43.0	42.1	-	-	43.0	42.1
Planning and building	10.8	8.8	-	-	10.8	8.8
Public works	34.0	20.6	-	-	34.0	20.6
Community development	47.4	43.8	-	-	47.4	43.8
Interest on long-term debt	6.9	7.2	-	-	6.9	7.2
Water	-	-	45.0	41.9	45.0	41.9
Parking	-	-	5.3	4.3	5.3	4.3
Sewer	-	-	4.9	4.7	4.9	4.7
Sanitation	-	-	6.7	6.7	6.7	6.7
Refuse collections	-	-	16.9	16.5	16.9	16.5
Transportation center	-	-	1.2	1.2	1.2	1.2
Federal clean water protection	-	-	2.4	2.9	2.4	2.9
Total expenses	338.6	279.9	82.4	78.2	421.0	358.1
Increase in net position before transfers and capital contribution	14.1	33.2	8.2	7.8	22.3	41.0
Capital Contribution	-	0.9	-	-	-	0.9
Transfers	-	0.2	-	(0.2)	-	-
Increase in net position	14.1	34.3	8.2	7.6	22.3	41.9
Net position beginning	617.6	583.3	138.2	130.6	755.8	713.9
Net position ending	\$ 631.7	\$ 617.6	\$ 146.4	\$ 138.2	\$ 778.1	\$ 755.8

Expenses and Program Revenues – Governmental Activities



Revenue by Source – Governmental Activities

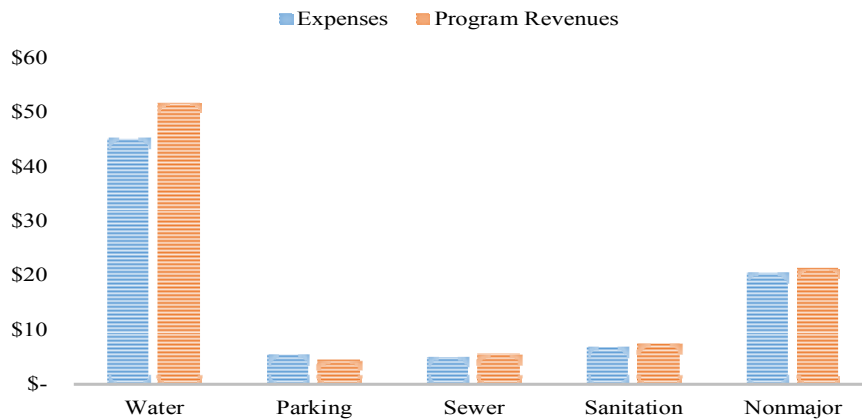


Business-type activities. Business-type activities increased the City’s net position by \$8.2 million accounting for 36.8% of the total growth in the City's net position during the current fiscal year end June 30, 2017 in comparison to the previous fiscal year. The increase is as a result of charges for services continuing to outpace expenses, specifically the following:

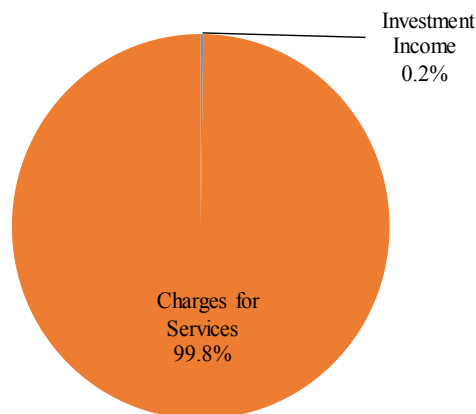
- The Water Fund net position increased \$5.2 million primarily due to an increase in the amount of water sold and a decrease in administrative fees, including charges from City departments.

- The Parking Fund net position decreased \$0.8 million primarily due to a decrease in monthly parking passes revenue and an increase in personnel costs as a result of adding more police patrols in downtown area. The City also incurred more contract services expenses for maintenance and repair of parking equipment as part of its Parking Modernization plan.
- The Sewer Fund net position increased \$0.5 million primarily due to a modest increase in the amount of water sold and an increase in sewerage rates.
- The Sanitation Fund net position increased \$0.7 million during the current fiscal year. The charges for services decreased \$0.6 million as compared to prior fiscal year as a result of an adjustment for the graffiti abatement charges. However, the fund reported overall operating income.
- Total expenses for business-type activities increased \$4.2 million as compared to the prior fiscal year. The increase was primarily due to an adjustment for the increase in the City’s net pension liability.
- Total investment earnings decreased \$0.7 million (77.8%) as compared to the prior fiscal year. The decrease was primarily due to an adjustment for the decrease in the fair value of investments. However the City did not experience any realized loss as a result of this adjustment.

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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or the City Manager who has been authorized to assign resources for use for particular purposes by the Council.

As of the end of the current fiscal year, the City's governmental funds reported combined ending total fund balances of \$226.7 million of which \$57.1 million constitutes the *unassigned fund balance*. The remainder of the total governmental fund balance is allocated as follows: 1) \$9.9 million assigned to both contractual obligations and continuing projects; 2) \$0.03 million is for non-spendable items; and 3) \$159.6 million is restricted for specific spending.

The General Fund is the chief operating fund for the City. At the end of the current fiscal year, the fund balance of the General Fund was \$74.6 million (\$0.009 million is non-spendable; \$2.2 million is restricted; \$9.9 million is assigned for various programs and services; and the unassigned amount of \$62.5 million which includes the City's Operating Reserve and Economic Uncertainty funds and the remaining funds are unallocated). The General Fund's fund balance decreased \$2.4 million during the current fiscal year as a result of a decrease in jail facility revenues (rental income) along with an increase in capital outlay expenditures for various capital projects in accordance with the Council Approved Surplus Allocation Plan. The City's total debt service payments also increased as the City made its first loan payments for the 800 MHz projects during the fiscal year 2016-17.

From a revenue perspective, Santa Ana's major tax revenue sources within the General Fund continue to show signs that the economy is both improving and experiencing modest growth. During the current fiscal year, property taxes, hotel visitor's taxes, business taxes, and sales tax shared revenue increased. Additionally, Planning and Building Permits fees increased significantly, which reflects the upward economic trajectory for the City and region.

The City continues to implement various administrative cost reduction strategies. During fiscal year 2016-17, the City's General Fund expenditures were under budget. However, actual expenditures increased year over year as a result of the City providing its employees cost of living adjustment and the increase in the total CalPERS retirement contribution rates. The City also completed various projects including but not limited to the construction of water-wise car wash station, security lighting at various parks, Santiago bike trail resurfacing, and replacement of vehicles.

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 26.7% (\$62.5 million) of total fiscal year 2016-17 General Fund expenditures and transfers out.

The Special Revenue Grants' ending fund balance decreased \$5.1 million during the current fiscal year. The decrease was primarily due to an increase in the unavailable revenues as compared to fiscal year 2015-16. The revenue will be recognized during fiscal year 2017-18 and will subsequently increase the fund balance.

The Special Revenue Housing Authority ending balance decreased \$0.1 million during the current fiscal year as a result of the United States Department of Housing and Urban Development (HUD)'s implementation of cash management procedures, which are designed to eliminate the accumulation of excess fund reserves.

The Special Revenue Gas Tax fund ending fund balance decreased \$0.1 million as compared to fiscal year 2015-16. The Department of Finance revised the fiscal year 2016-17 gas tax estimate during the current fiscal year, which resulted in lower revenue. Additionally, the fund reported investment loss due to an adjustment for the decrease in the fair value of investments.

The Capital Projects Housing Successor Agency fund balance decreased \$3.6 million largely as a result of adjusting the value of its Notes Receivable to present value from a cost value perspective. The adjustment reflects a more conservative assessment related to the collectability of the loan.

The Capital Projects Street Construction fund balance increased \$4.6 million during the current fiscal year. The increase was mainly due to grant funding received for various street improvement projects as well as contributions received for the Warner Industrial Community Assessment District. The most significant capital improvement projects are discussed in the government-wide financial analysis of governmental activities.

The Debt Service Santa Ana Financing Authority fund balanced increased \$0.04 million as compared to fiscal year 2015-16 mainly due to investment income earned during the current fiscal year.

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

The Water Fund's net position increased \$5.2 million during the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Parking Fund's net position decreased \$0.8 million during the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Sewer Fund's net position increased \$0.5 million during the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Sanitation Fund's net position increased \$0.7 million during the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

Unrestricted net position related to business-type activities increased \$2.7 million for a total amount of \$41.5 million. The increase is largely as a result of the enterprise activities experiencing positive operational change in net position due to increase in revenues (Water, Sanitation, and Federal Clean Water Protection).

General Fund Budgetary Highlights

During the year, there was an increase in the amount of \$4.1 million between the original and final amended budget appropriations. The increase was mainly due to additional expenditures authorized for graffiti abatement services (\$1.2 million), the City's contribution for the construction of the Orange County Animal Shelter (\$0.8 million), and civic center security enhancement (\$0.7 million).

Actual General Fund revenues were \$2.3 million under budget or 1.0%. The shortfall was mainly as a result of the City's Jail facility revenues (rental income) being \$1.4 million under projection as a result of the cancellation of the Immigration and Customs Enforcement (ICE) contract. The City also reduced an assessment from the Water Fund to the General Fund by \$2.4 million.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities was \$1,071.2 million (net of accumulated depreciation) as of June 30, 2017. The investment in capital assets includes land, right of way, street trees, construction in progress, buildings, improvements, equipment, library materials, computer software and infrastructure.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 14.3	\$ 14.3	\$ 8.0	\$ 8.0	\$ 22.3	\$ 22.3
Right of way	494.6	495.6	-	-	494.6	495.6
Street trees	8.0	8.0	-	-	8.0	8.0
Construction in progress	69.5	66.7	8.4	6.6	77.9	73.3
Buildings	58.3	62.7	1.7	1.9	60.0	64.6
Improvements	43.1	41.4	83.1	77.4	126.2	118.8
Equipment	10.7	8.6	5.7	5.8	16.4	14.4
Infrastructure	252.0	242.5	9.4	9.5	261.4	252.0
Library materials	0.9	1.0	-	-	0.9	1.0
Computer software	3.3	3.6	0.2	0.2	3.5	3.8
Total	\$ 954.7	\$ 944.4	\$ 116.5	\$ 109.4	\$ 1,071.2	\$ 1,053.8

At the end of the current fiscal year, the City's total capital assets increased by \$17.4 million (1.7%). The increase is primarily due to an increase in commencement of infrastructure projects, denoted as Construction in Progress, during the current fiscal year. Additional information on the City's capital assets can be found in Note 3B on pages 84-86 of this report.

Long-term debt. At the end of the current fiscal year, the City maintained total bonded debt and loans outstanding in the amount of \$142.0 million. Of this amount, \$92.2 million comprised of debt backed by the full faith and credit of the City, \$42.0 million represents bonds secured solely by specified revenue sources, and \$7.8 million in capital lease obligations and long-term loans.

City of Santa Ana
Long-term Bonded Debt and Loans

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Capital lease obligations	\$ 4.0	\$ 4.6	\$ -	\$ -	\$ 4.0	\$ 4.6
Certificates of participation	59.0	60.5	-	-	59.0	60.5
Lease revenue bonds	25.5	28.4	14.4	15.1	39.9	43.5
Private placement financing	33.8	37.7	-	-	33.8	37.7
Certificates of participation	-	-	-	-	-	-
Long-term loans & other payables	3.8	2.0	0.1	0.3	3.9	2.3
Less: Bond Discount	(0.7)	(0.8)	-	-	(0.7)	(0.8)
Add: Bond premium	-	-	2.1	2.2	2.1	2.2
Total	\$ 125.4	\$ 132.4	\$ 16.6	\$ 17.6	\$ 142.0	\$ 150.0

At the end of the current fiscal year, Governmental Activities long-term debt had a decrease of \$7.0 million primarily due to the principal repayment of existing debt. The City issued a new loan for the 800 MHz partnership cost in the amount of \$1.5 million during the current fiscal year. The long-term debt associated with Business-type Activities decreased \$1.0 million also due to the principal repayment of existing debt and no issuance of additional debt. Additional information on the City's long-term debt may also be found in Note 3D on pages 90 through 102.

Economic Factors and Next Year's Budget and Rates

The National and State economy continues to show steady improvements, which has resulted in the modest growth in the City's total tax revenues. As part of its emphasis on future economic development efforts to strengthen the City's revenue base, the City has explored opportunities to add new hotels and sale of idle City-owned properties. Additionally, the City has evaluated augmenting its Cannabis regulation allowing for the sale of adult use, manufacturing and distribution. Implementation of these plans will generate additional revenues to improve the City's overall financial position. The City also entered into a contract with the United States Marshals to generate rental income from the jail holding facility to address the loss of jail revenues resulting from the cancellation of the ICE contract.

One of the main factors affecting the City is the public pensions and their sustainability. Many assumptions are used to estimate the net pension liability and the required contributions to meet the obligations. One of those assumption is the discount rate. If the discount rate used by the City's pension plan is adjusted to a lower rate in the future, there will be a significant increase in the pension liability. Additional information about the City's pension plans can be found in Note 4 E and F on pages 110 through 123. An additional factor affecting the City's upcoming budget are the City's compliance with Proposition 218, addressing its deferred maintenance needs; along with increases to City's Liability claims and premiums; health insurance rates and retiree medical expenses; and expiration of the City's Jail Federal Housing contracts.

The Governmental Accounting Standard Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, related to the accounting and reporting for Other Post-Employment Benefits (OPEB) that are required to be implemented for the fiscal year ending June 30, 2018. The City is currently evaluating the potential impacts to the financial statements from implementation of these new standards.

The City will continue to build upon its budget and financial policies to ensure future fiscal sustainability. In addition, the City will continue to carry out a work plan to ensure that all financial internal processes undergo an independent assessment as it continues to maintain its financial stability. The City is well-positioned to adjust to an economic retraction via the funding and/or implementation of its various reserve and stability accounts:

<u>Account Name</u>	<u>Amount</u>
• Operating Reserve	\$ 42.4 million
• Economic Uncertainty Reserve	\$ 3.8 million

The funding of the above-referenced accounts provides the Mayor and City Council the necessary tools to navigate a potential downturn. Additionally, the City maintains an unassigned fund balance available for appropriation and/or address projected budgetary deficits. The initiatives and funding of the reserve/stability funds are aligned with the City's annual completion its forecast which identifies potential factors that may risk revenue or expenditure variances and the use of one-time funds to balance projected budgetary deficits.

Requests for Information

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

CITY OF SANTA ANA, CALIFORNIA

Basic Financial Statements



CITY OF SANTA ANA, CALIFORNIA

Government - wide Financial Statements



Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 238,588,894	\$ 71,857,067	\$ 310,445,961
Receivables:			
Taxes	3,586,876	-	3,586,876
Interest	725,624	196,725	922,349
Accounts, net of allowances	2,498,087	12,881,325	15,379,412
Intergovernmental	29,981,059	-	29,981,059
Loans and notes	78,061,308	-	78,061,308
Advance to Successor Agency to the Santa Ana Redevelopment Agency	532,601	-	532,601
Internal balances	316,896	(316,896)	-
Inventory of supplies	702,921	-	702,921
Prepaid items	32,518	-	32,518
Restricted assets:			
Cash and investments	2,878,518	3,117,009	5,995,527
Cash and investments with fiscal agents	10,170,028	-	10,170,028
Pension stability fund	500,851	-	500,851
Land held for resale	19,154,666	-	19,154,666
Capital assets, not being depreciated	586,435,589	16,443,962	602,879,551
Capital assets, being depreciated, net of accumulated depreciation	368,303,557	100,008,492	468,312,049
Total assets	<u>1,342,469,993</u>	<u>204,187,684</u>	<u>1,546,657,677</u>
Deferred outflows of resources:			
Unamortized loss on bond defeasance	5,467,706	429,742	5,897,448
Deferred amounts on pension plans	103,914,650	5,681,098	109,595,748
Total deferred outflows of resources	<u>109,382,356</u>	<u>6,110,840</u>	<u>115,493,196</u>
Liabilities:			
Accounts payable	14,118,162	9,509,869	23,628,031
Interest payable	148,817	231,078	379,895
Retention payable	346,647	360,470	707,117
Due to other governmental agencies	51,312,978	-	51,312,978
Deposits	566,932	1,536,946	2,103,878
Unearned revenue	13,158,722	2,500,859	15,659,581
Long-term liabilities- due within one year	22,549,704	1,236,265	23,785,969
Long-term liabilities- due in more than one year	712,636,464	47,901,349	760,537,813
Total liabilities	<u>814,838,426</u>	<u>63,276,836</u>	<u>878,115,262</u>
Deferred inflows of resources:			
Deferred amounts on pension plans	5,336,119	594,376	5,930,495
Net Position:			
Net investment in capital assets	842,332,867	101,972,219	944,305,086
Restricted for:			
Debt service	252,215	-	252,215
Capital projects	29,088,593	260,695	29,349,288
National pollution discharge elimination system	-	2,647,474	2,647,474
Community Development	4,248,806	-	4,248,806
Recreation & Community Services	2,117,929	-	2,117,929
Public Safety	8,117,955	-	8,117,955
Public Works	85,747,212	-	85,747,212
Special revenue housing authority projects	46,303,582	-	46,303,582
Pension stability	500,851	-	500,851
Unrestricted	(387,032,206)	41,546,924	(345,485,282)
Total net position	<u>\$ 631,677,804</u>	<u>\$ 146,427,312</u>	<u>\$ 778,105,116</u>

See accompanying Notes to the Basic Financial Statements.

Statement of Activities
Year ended June 30, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 14,445,402	4,554,042	-	-
Human resources	3,546,864	-	-	-
Finance and management services	4,972,661	824,620	1,058,642	-
Museum	2,416,483	-	-	-
Library	4,460,267	58,270	268,832	-
Recreation and community services	23,812,285	3,041,932	3,620,360	2,787,946
Police department	142,875,490	18,355,931	7,337,703	-
Fire department	42,927,804	4,240,164	-	-
Planning and building	10,774,791	10,900,190	30,894	-
Public works	34,056,746	7,695,086	6,951,770	50,546,212
Community development	47,426,530	1,167,885	43,545,929	5,015,615
Interest on long-term debt	6,943,677	-	-	-
Total governmental activities	\$ 338,659,000	50,838,120	62,814,130	58,349,773
Business-type activities:				
Water	45,040,331	51,657,602	-	-
Parking	5,275,923	4,409,579	-	-
Sewer	4,916,451	5,620,042	-	-
Sanitation	6,695,011	7,384,125	-	-
Refuse collections	16,852,613	18,984,713	-	-
Transportation center	1,197,120	601,888	-	-
Federal clean water protection	2,372,705	1,725,454	-	-
Total business-type activities	82,350,154	90,383,403	-	-
Total	\$ 421,009,154	141,221,523	62,814,130	58,349,773
General revenues:				
Property taxes				
Hotels visitors taxes				
Utility users taxes				
Business taxes				
Franchise taxes				
Other taxes				
Intergovernmental, unrestricted:				
Motor vehicle licenses				
State mandated costs & reimbursements				
Sales tax shared revenue				
Investment income				
Other revenues				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

See accompanying Notes to the Basic Financial Statements.

STATEMENT OF ACTIVITIES

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (9,891,360)	\$ -	\$ (9,891,360)
(3,546,864)	-	(3,546,864)
(3,089,399)	-	(3,089,399)
(2,416,483)	-	(2,416,483)
(4,133,165)	-	(4,133,165)
(14,362,047)	-	(14,362,047)
(117,181,856)	-	(117,181,856)
(38,687,640)	-	(38,687,640)
156,293	-	156,293
31,136,322	-	31,136,322
2,302,899	-	2,302,899
(6,943,677)	-	(6,943,677)
\$ (166,656,977)	\$ -	\$ (166,656,977)
-	6,617,271	6,617,271
-	(866,344)	(866,344)
-	703,591	703,591
-	689,114	689,114
-	2,132,100	2,132,100
-	(595,232)	(595,232)
-	(647,251)	(647,251)
-	8,033,249	8,033,249
\$ (166,656,977)	\$ 8,033,249	\$ (158,623,728)
72,571,508	-	72,571,508
9,767,741	-	9,767,741
24,413,461	-	24,413,461
13,774,226	-	13,774,226
7,865,850	-	7,865,850
1,370,753	-	1,370,753
153,628	-	153,628
434,111	-	434,111
50,021,258	-	50,021,258
302,347	194,193	496,540
11,298	-	11,298
26,584	(26,584)	-
180,712,765	167,609	180,880,374
14,055,788	8,200,858	22,256,646
617,622,016	138,226,454	755,848,470
\$ 631,677,804	\$ 146,427,312	\$ 778,105,116



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 Uniform Guidance, 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.

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

CAPITAL PROJECTS FUNDS

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

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

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

DEBT SERVICE FUNDS

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

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

Nonmajor Governmental Funds

Other Governmental Funds - These funds constitute all other governmental funds that do not meet the major 10% tests of assets, liabilities, revenues or expenditures for the governmental funds and the 5% test of total assets, liabilities, deferred inflows of resources, 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, 2017**

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Assets				
Cash and investments	\$ 67,759,645	\$ 5,772,460	\$ 3,361,055	\$ 12,464,106
Receivables, net of allowances:				
Taxes	3,586,876	-	-	-
Interest	249,644	24,491	9,042	40,458
Accounts	2,448,867	5,774	15,691	-
Intergovernmental	8,781,205	4,528,496	7,166	587,201
Loans and notes	-	52,279,308	-	-
Due from other funds	-	-	-	-
Prepaid items	9,492	-	23,026	-
Advance to Successor Agency to the Santa Ana Redevelopment Agency	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	118,140
Cash and investments with fiscal agents	1,658,659	11,902	417,946	4,217,738
Pension stability funds	500,851	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>84,995,239</u>	<u>62,622,431</u>	<u>3,833,926</u>	<u>17,427,643</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities:				
Accounts payable	4,137,378	3,819,164	6,699	191,519
Interest payable	29,161	-	-	-
Retention payable	32,416	58,392	-	-
Due to other funds	-	-	-	-
Due to other governmental agencies	-	51,140,944	346	-
Grant advances	-	20,000	-	-
Deposits	148,986	-	417,946	-
Advances payable to other funds	2,336,000	-	-	-
Unearned revenue	3,529,167	-	-	-
Total liabilities	<u>10,213,108</u>	<u>55,038,500</u>	<u>424,991</u>	<u>191,519</u>
Deferred inflows of resources:				
Unavailable revenues	<u>228,785</u>	<u>3,259,072</u>	<u>19,174</u>	<u>15,583</u>
Fund balances:				
Nonspendable	9,492	-	23,026	-
Restricted	2,159,510	7,383,115	3,366,735	17,220,541
Assigned	9,928,503	-	-	-
Unassigned	62,455,841	(3,058,256)	-	-
Total fund balances	<u>74,553,346</u>	<u>4,324,859</u>	<u>3,389,761</u>	<u>17,220,541</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 84,995,239</u>	<u>\$ 62,622,431</u>	<u>\$ 3,833,926</u>	<u>\$ 17,427,643</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
\$ 13,700,825	\$ 40,692,880	\$ 76,094	\$ 35,708,300	\$ 179,535,365
-	-	-	-	3,586,876
39,461	104,192	7,160	82,907	557,355
-	-	-	-	2,470,332
-	11,617,933	-	4,459,058	29,981,059
25,782,000	-	-	-	78,061,308
-	-	-	41,732	41,732
-	-	-	-	32,518
532,601	-	-	-	532,601
-	-	-	2,515,560	2,633,700
45,781	3,817,908	94	-	10,170,028
-	-	-	-	500,851
2,855,050	16,299,616	-	-	19,154,666
<u>42,955,718</u>	<u>72,532,529</u>	<u>83,348</u>	<u>42,807,557</u>	<u>327,258,391</u>
3,672	3,610,608	-	1,238,800	13,007,840
-	-	-	-	29,161
-	92,952	-	162,887	346,647
-	41,732	-	2,945,208	2,986,940
-	-	-	-	51,141,290
-	9,609,555	-	-	9,629,555
-	-	-	-	566,932
-	-	-	-	2,336,000
-	-	-	-	3,529,167
<u>3,672</u>	<u>13,354,847</u>	<u>-</u>	<u>4,346,895</u>	<u>83,573,532</u>
<u>15,199</u>	<u>10,833,413</u>	<u>2,758</u>	<u>2,588,852</u>	<u>16,962,836</u>
-	-	-	-	32,518
42,936,847	48,344,269	80,590	38,134,540	159,626,147
-	-	-	-	9,928,503
-	-	-	(2,262,730)	57,134,855
<u>42,936,847</u>	<u>48,344,269</u>	<u>80,590</u>	<u>35,871,810</u>	<u>226,722,023</u>
<u>\$ 42,955,718</u>	<u>\$ 72,532,529</u>	<u>\$ 83,348</u>	<u>\$ 42,807,557</u>	<u>\$ 327,258,391</u>



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
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**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2017**

Fund balances of governmental funds \$ 226,722,023

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 net capital assets of the internal service funds of \$7,103,860 which are reported below.

Capital assets	1,400,595,379	
Accumulated depreciation	(452,960,093)	
Total capital assets used in governmental activities		947,635,286

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

Capital lease obligations	(3,768,891)	
Certificates of participation	(59,065,000)	
Lease revenue bonds	(25,522,500)	
Private placement financing	(33,835,000)	
Long-term loans & other payables	(3,750,566)	
Compensated absences payable	(20,160,128)	
Postemployment benefits obligation	(8,169,579)	
Bond discount	747,461	
Unamortized loss on bond defeasance	5,467,706	
Total governmental activities long-term debt		(148,056,497)

Pension related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts affects only the government-wide statement for governmental activities.

Deferred outflows of resources from pension	95,260,565	
Deferred inflows of resources from pension	(4,431,390)	
Net pension liability	(494,503,846)	(403,674,671)

Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds. (119,656)

Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental fund. 16,962,836

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. (7,791,517)

Net position of governmental activities \$ 631,677,804

See accompanying Notes to the Basic Financial Statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2017

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Revenues:				
Taxes	\$ 129,763,539	-	-	-
License and permits	5,785,894	-	-	-
Intergovernmental	50,814,601	15,671,529	32,287,788	6,601,023
Charges for services	14,472,475	32,793	-	-
Fines and forfeits	5,095,647	-	-	-
Investment income (loss)	42,176	254,289	35,017	(21,420)
Cost recoveries	11,085,462	4,475	243,938	-
Rental income	12,046,979	99,000	-	-
Special Assessments	-	-	-	-
Contributions from property owners - special assessments	-	-	-	-
Payment of bond proceeds from successor agency	-	-	-	-
Miscellaneous	193,804	375,921	277,186	-
Total revenues	<u>229,300,577</u>	<u>16,438,007</u>	<u>32,843,929</u>	<u>6,579,603</u>
Expenditures:				
Current:				
General government	12,804,418	-	-	-
Human resources	1,277,872	-	-	-
Finance and management services	4,722,453	-	-	-
Museum	1,475,706	-	-	-
Library	3,656,110	414,086	-	-
Recreation and community services	16,248,040	1,914,573	-	-
Police department	120,384,618	7,314,793	-	-
Fire department	41,392,205	242,445	-	-
Planning and building	9,706,009	794,020	-	-
Public works	5,026,373	3,300	-	2,174,397
Community development	1,136,506	8,844,018	32,989,322	-
Pass-through payments to districts and other agencies	-	2,022,893	-	-
Capital Outlay	3,635,528	2,019,767	-	-
Debt Service:				
Principal	1,005,923	-	-	1,450,000
Interest and fiscal charges	245,099	-	-	2,723,931
Total expenditures	<u>222,716,860</u>	<u>23,569,895</u>	<u>32,989,322</u>	<u>6,348,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,583,717</u>	<u>(7,131,888)</u>	<u>(145,393)</u>	<u>231,275</u>
Other financing sources (uses):				
Sales of capital assets	-	2,000,000	-	-
Transfers in	34,244	-	-	-
Transfers out	(11,043,845)	-	-	(353,778)
Financing proceeds	2,051,786	-	-	-
Total other financing sources (uses)	<u>(8,957,815)</u>	<u>2,000,000</u>	<u>-</u>	<u>(353,778)</u>
Net change in fund balances	(2,374,098)	(5,131,888)	(145,393)	(122,503)
Fund balances - beginning	<u>76,927,444</u>	<u>9,456,747</u>	<u>3,535,154</u>	<u>17,343,044</u>
Fund balances - ending	<u>\$ 74,553,346</u>	<u>4,324,859</u>	<u>3,389,761</u>	<u>17,220,541</u>

See accompanying Notes to the Basic Financial Statements.

GOVERNMENTAL FUNDS

Capital Projects Housing Successor Agency	Capital Projects Street Construction	Debt Service SAFA	Nonmajor Governmental Funds	Total
-	1,307,171	-	237,669	\$ 131,308,379
-	18,196	-	-	5,804,090
-	32,800,240	-	7,506,349	145,681,530
-	419,812	-	1,091,308	16,016,388
-	-	-	-	5,095,647
(39,927)	(6,000)	20,574	232,243	516,952
-	149,385	-	2,538,084	14,021,344
-	84,147	-	-	12,230,126
-	947,064	-	-	947,064
-	1,251,788	-	-	1,251,788
-	-	-	2,515,560	2,515,560
178,512	576,663	-	2,424,398	4,026,484
138,585	37,548,466	20,574	16,545,611	339,415,352
-	-	-	-	12,804,418
-	-	-	133,996	1,411,868
-	-	-	60,000	4,782,453
-	-	-	-	1,475,706
-	-	-	-	4,070,196
-	-	-	2,803,153	20,965,766
-	-	-	2,151,903	129,851,314
-	-	-	-	41,634,650
-	-	-	58,967	10,558,996
-	503,479	-	266,200	7,973,749
3,742,853	-	-	192,656	46,905,355
-	-	-	-	2,022,893
-	32,814,213	-	6,639,469	45,108,977
-	-	6,725,000	-	9,180,923
-	-	3,050,817	-	6,019,847
3,742,853	33,317,692	9,775,817	12,306,344	344,767,111
(3,604,268)	4,230,774	(9,755,243)	4,239,267	(5,351,759)
-	-	-	-	2,000,000
-	353,778	9,792,490	1,464,345	11,644,857
-	-	-	-	(11,397,623)
-	-	-	-	2,051,786
-	353,778	9,792,490	1,464,345	4,299,020
(3,604,268)	4,584,552	37,247	5,703,612	(1,052,739)
46,541,115	43,759,717	43,343	30,168,198	227,774,762
42,936,847	48,344,269	80,590	35,871,810	\$ 226,722,023

**Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2017**

Net change in fund balances-total governmental funds \$ (1,052,739)

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. This does not include internal service fund activity of \$1,387,100 in additions, \$1,149,167 in deletions, and \$1,389,225 in depreciation expense.

Capital outlay	40,381,149	
Depreciation expense	(26,512,963)	
Loss on disposal of capital assets	<u>(3,591,983)</u>	10,276,203

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund. 10,446,740

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

Principal payments made:		
Certificates of participation	1,450,000	
Lease revenue bonds	2,840,000	
Private placement financing	3,885,000	
Long-term loans & other payables	<u>787,493</u>	
Total principal repayments		8,962,493
Proceeds from long-term loan		(2,051,786)
Amortization of bond discount		(32,498)
Amortization of deferred charges on refunding		(790,512)
Net change in compensated absences		<u>958,970</u>
		7,046,667

Accrued interest for long term liabilities including bonds payable. This is the net change in accrued interest for the current period. (87,420)

The increase in the postemployment benefits obligation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported in governmental funds. (546,529)

The increase in the net pension liability is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures as expenditures in governmental funds. (3,232,405)

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. (8,794,729)

Change in net position of governmental activities \$ 14,055,788

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.

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

CITY OF SANTA ANA

Statement of Net Position
Proprietary Funds
June 30, 2017

	Water	Parking	Sewer
Assets:			
Current assets:			
Cash and investments	\$ 38,274,470	6,413,226	6,972,776
Receivables:			
Interest	106,358	17,601	19,009
Accounts, net of allowances	8,952,900	84,567	1,034,095
Due from other funds	-	-	-
Inventory of supplies	-	-	-
Total current assets	<u>47,333,728</u>	<u>6,515,394</u>	<u>8,025,880</u>
Noncurrent assets:			
Advances to other funds	-	-	-
Restricted cash and investments	2,856,314	260,695	-
Capital assets:			
Land	603,545	3,591,049	-
Buildings	223,583	-	-
Improvements other than buildings	130,501,567	-	41,091,125
Equipment	15,068,058	668,332	847,163
Parking structures	-	14,991,605	-
Construction in progress	6,094,411	183,424	120,507
Computer software	278,589	-	-
Less accumulated depreciation	(76,433,136)	(8,840,420)	(24,004,490)
Total noncurrent assets	<u>79,192,931</u>	<u>10,854,685</u>	<u>18,054,305</u>
Total assets	<u>126,526,659</u>	<u>17,370,079</u>	<u>26,080,185</u>
Deferred outflows of resources:			
Unamortized loss on bond defeasance	429,742	-	-
Deferred amounts on pension plans	2,300,321	410,232	958,514
Total deferred outflow of resources	<u>2,730,063</u>	<u>410,232</u>	<u>958,514</u>
Liabilities:			
Current liabilities:			
Accounts payable	8,045,136	164,032	195,978
Retention payable	309,923	-	-
Due to other funds	-	-	-
Due to other governmental agencies	-	-	-
Compensated absences payable	195,615	72,587	71,801
Notes payable	98,216	-	-
Interest payable	231,078	-	-
Grant advances	-	-	-
Deposits payable	1,525,946	-	-
Ueamed revenue	-	-	-
Claims payable	-	-	-
Capital lease payable	-	-	-
Revenue bonds payable	685,000	-	-
Total current liabilities	<u>11,090,914</u>	<u>236,619</u>	<u>267,779</u>
Noncurrent liabilities:			
Compensated absences payable	586,845	217,762	215,403
Claims payable	-	-	-
Capital lease payable	-	-	-
Postemployment benefits obligation	468,541	62,654	180,835
Net pension liability	11,982,128	2,136,845	4,992,757
Revenue bonds payable	15,809,313	-	-
Total noncurrent liabilities	<u>28,846,827</u>	<u>2,417,261</u>	<u>5,388,995</u>
Total liabilities	<u>39,937,741</u>	<u>2,653,880</u>	<u>5,656,774</u>
Deferred inflows of resources:			
Deferred amounts on pension plans	240,667	42,922	100,283
Net position:			
Net investment in capital assets	61,906,929	10,593,990	18,054,305
Restricted for :			
Capital projects	-	260,695	-
National pollution discharge elimination system	-	-	-
Unrestricted	27,171,385	4,228,824	3,227,337
Total net position	<u>\$ 89,078,314</u>	<u>15,083,509</u>	<u>21,281,642</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

Sanitation	Nonmajor	Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
		Total		
4,468,001	15,728,594	\$	71,857,067	\$ 59,053,529
12,965	40,792		196,725	168,269
1,046,047	1,763,716		12,881,325	27,755
-	-		-	3,262,104
-	-		-	702,921
<u>5,527,013</u>	<u>17,533,102</u>		<u>84,935,117</u>	<u>63,214,578</u>
-	-		-	2,336,000
-	-		3,117,009	244,818
-	3,792,491		7,987,085	-
-	8,607,909		8,831,492	-
-	4,196,564		175,789,256	859,017
19,592	32,137		16,635,282	21,077,255
-	4,817,296		19,808,901	-
-	2,058,535		8,456,877	838,184
-	-		278,589	6,493,843
(19,592)	(12,037,390)		(121,335,028)	(22,164,439)
-	11,467,542		119,569,463	9,684,678
<u>5,527,013</u>	<u>29,000,644</u>		<u>204,504,580</u>	<u>72,899,256</u>
-	-		429,742	-
1,456,011	556,020		5,681,098	8,654,085
<u>1,456,011</u>	<u>556,020</u>		<u>6,110,840</u>	<u>8,654,085</u>
255,896	848,827		9,509,869	1,110,322
-	50,547		360,470	-
-	316,896		316,896	-
-	-		-	171,688
103,562	9,484		453,049	575,466
-	-		98,216	-
-	-		231,078	-
-	423,346		423,346	-
-	11,000		1,536,946	-
-	2,077,513		2,077,513	-
-	-		-	7,350,000
-	-		-	160,979
-	-		685,000	-
<u>359,458</u>	<u>3,737,613</u>		<u>15,692,383</u>	<u>9,368,455</u>
310,687	28,453		1,359,150	1,726,395
-	-		-	27,934,334
-	-		-	69,360
304,785	123,915		1,140,730	1,943,963
7,584,183	2,896,243		29,592,156	47,397,622
-	-		15,809,313	-
<u>8,199,655</u>	<u>3,048,611</u>		<u>47,901,349</u>	<u>79,071,674</u>
<u>8,559,113</u>	<u>6,786,224</u>		<u>63,593,732</u>	<u>88,440,129</u>
152,332	58,172		594,376	904,729
-	11,416,995		101,972,219	6,873,521
-	-		260,695	-
-	2,647,474		2,647,474	-
(1,728,421)	8,647,799		41,546,924	(14,665,038)
<u>(1,728,421)</u>	<u>22,712,268</u>	\$	<u>146,427,312</u>	<u>(7,791,517)</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2017

	Water	Parking	Sewer
Operating revenues:			
Charges for services	\$ 51,456,265	3,607,240	5,620,042
Payment of bond proceeds from successor agency	-	260,695	-
Miscellaneous	201,337	541,644	-
Total operating revenues	<u>51,657,602</u>	<u>4,409,579</u>	<u>5,620,042</u>
Operating expenses:			
Personnel services	4,874,476	2,236,501	1,716,880
Contractual services	15,830,132	2,432,435	1,136,750
Materials and supplies	9,984,308	4,664	678,670
Administrative charges	11,203,204	266,897	747,197
Insurance	-	-	-
Provision for self-insured losses	-	-	-
Depreciation	2,626,834	335,426	630,945
Total operating expenses	<u>44,518,954</u>	<u>5,275,923</u>	<u>4,910,442</u>
Operating income (loss)	<u>7,138,648</u>	<u>(866,344)</u>	<u>709,600</u>
Nonoperating revenues (expenses):			
Net decrease in the fair value of investment	(571,367)	-	-
Investment earnings	409,752	71,051	74,058
Interest expense	(521,377)	-	-
Loss on disposal of capital assets	-	-	(6,009)
Total nonoperating revenues (expenses)	<u>(682,992)</u>	<u>71,051</u>	<u>68,049</u>
Income (loss) before transfers	<u>6,455,656</u>	<u>(795,293)</u>	<u>777,649</u>
Capital contributions	-	-	-
Transfers in	-	-	-
Transfers out	(1,289,009)	(451)	(229,703)
Change in net position	<u>5,166,647</u>	<u>(795,744)</u>	<u>547,946</u>
Net position - beginning	<u>83,911,667</u>	<u>15,879,253</u>	<u>20,733,696</u>
Net position - ending	<u>\$ 89,078,314</u>	<u>15,083,509</u>	<u>21,281,642</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

Sanitation	Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
	Nonmajor	Total	
7,375,106	20,085,798	\$ 88,144,451	\$ 64,535,035
-	-	260,695	-
9,019	8,770	760,770	586,065
<u>7,384,125</u>	<u>20,094,568</u>	<u>89,165,916</u>	<u>65,121,100</u>
2,526,822	1,022,655	12,377,334	15,094,412
1,947,066	10,618,925	31,965,308	6,952,617
143,606	17,069	10,828,317	2,185,150
2,077,517	8,304,034	22,598,849	13,628,198
-	-	-	22,052,296
-	-	-	10,388,314
-	459,755	4,052,960	1,389,225
<u>6,695,011</u>	<u>20,422,438</u>	<u>81,822,768</u>	<u>71,690,212</u>
<u>689,114</u>	<u>(327,870)</u>	<u>7,343,148</u>	<u>(6,569,112)</u>
-	-	(571,367)	(617,375)
47,749	162,950	765,560	675,039
-	-	(521,377)	(13,400)
-	-	(6,009)	(2,049,231)
<u>47,749</u>	<u>162,950</u>	<u>(333,193)</u>	<u>(2,004,967)</u>
<u>736,863</u>	<u>(164,920)</u>	<u>7,009,955</u>	<u>(8,574,079)</u>
-	1,217,487	1,217,487	-
-	2,287,165	2,287,165	-
<u>(5,407)</u>	<u>(789,179)</u>	<u>(2,313,749)</u>	<u>(220,650)</u>
<u>731,456</u>	<u>2,550,553</u>	<u>8,200,858</u>	<u>(8,794,729)</u>
<u>(2,459,877)</u>	<u>20,161,715</u>	<u>138,226,454</u>	<u>1,003,212</u>
<u>(1,728,421)</u>	<u>22,712,268</u>	<u>\$ 146,427,312</u>	<u>\$ (7,791,517)</u>

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2017

	Water	Parking
Cash flows from operating activities:		
Receipts from customers	\$ 50,603,964	3,549,770
Receipts from interfund services provided	-	-
Receipts from other operating sources	201,337	802,339
Payments to suppliers for goods and services	(35,073,440)	(2,600,524)
Payments from interfund services used	-	-
Payments to employees	(4,929,527)	(2,208,008)
	<u>10,802,334</u>	<u>(456,423)</u>
Net cash provided (used) by operating activities		
Cash flows from noncapital financing activities:		
Transfer in	-	-
Transfer out	(1,289,009)	(451)
Repayment of advances from other funds	-	-
	<u>(1,289,009)</u>	<u>(451)</u>
Net cash provided (used) by noncapital financing activities		
Cash flows from capital and related financing activities:		
Capital contribution	-	-
Acquisition of capital assets	(8,698,193)	(273,349)
Capital assets donated to other funds	-	-
Proceeds from sale of capital assets	-	-
Retirement of long-term liabilities	(856,393)	-
Interest paid	(708,676)	-
Payments on capital leases	-	-
	<u>(10,263,262)</u>	<u>(273,349)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Interest received	349,182	66,926
Net decrease in the fair value of investment	(571,367)	-
	<u>(222,185)</u>	<u>66,926</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	(972,122)	(663,297)
Cash and cash equivalents - beginning	42,102,906	7,337,218
Cash and cash equivalents - ending (Includes restricted assets)	<u>\$ 41,130,784</u>	<u>6,673,921</u>

See accompanying Notes to the Basic Financial Statements.

Sewer	Sanitation	Nonmajor	Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
			Totals		
5,459,832	7,532,487	20,510,736	\$	87,656,789	\$ -
-	-	-		-	64,546,365
-	9,019	2,263,576		3,276,271	550,154
(2,474,497)	(4,071,617)	(18,494,219)		(62,714,297)	(42,607,428)
-	-	-		-	(2,347,597)
<u>(1,747,271)</u>	<u>(2,546,374)</u>	<u>(1,000,792)</u>		<u>(12,431,972)</u>	<u>(23,804,986)</u>
1,238,064	923,515	3,279,301		15,786,791	(3,663,492)
-	-	2,287,165		2,287,165	-
(229,703)	(5,407)	(789,179)		(2,313,749)	(220,650)
-	-	-		-	292,000
<u>(229,703)</u>	<u>(5,407)</u>	<u>1,497,986</u>		<u>(26,584)</u>	<u>71,350</u>
-	-	1,217,487		1,217,487	-
(66,836)	-	(2,011,651)		(11,050,029)	(1,387,100)
-	-	-		-	(2,149,993)
-	-	-		-	100,762
-	-	-		(856,393)	-
-	-	-		(708,676)	(13,400)
-	-	-		-	(141,007)
<u>(66,836)</u>	<u>-</u>	<u>(794,164)</u>		<u>(11,397,611)</u>	<u>(3,590,738)</u>
65,858	41,429	142,178		665,573	632,356
-	-	-		(571,367)	(617,375)
<u>65,858</u>	<u>41,429</u>	<u>142,178</u>		<u>94,206</u>	<u>14,981</u>
1,007,383	959,537	4,125,301		4,456,802	(7,167,899)
5,965,393	3,508,464	11,603,293		70,517,274	66,466,246
<u>6,972,776</u>	<u>4,468,001</u>	<u>15,728,594</u>	\$	<u>74,974,076</u>	\$ <u>59,298,347</u>

Continued

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2017

	Water	Parking
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 7,138,648	(866,344)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	2,626,834	335,426
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(886,997)	(57,470)
Decrease (increase) in inventory of supplies	-	-
Decrease (increase) in deferred outflows from pension	(1,496,276)	(266,840)
Increase (decrease) in accounts payable	1,655,097	103,472
Increase (decrease) in unearned revenue	-	-
Increase (decrease) in due to other governmental agencies	-	-
Increase (decrease) in compensated absences payable	(10,665)	34,259
Increase (decrease) in deposits payable	34,696	-
Increase (decrease) in retention payable	289,107	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in grant advances	-	-
Increase (decrease) in postemployment benefits obligation	63,306	13,431
Increase (decrease) in net pension liability	1,800,501	321,098
Increase (decrease) in deferred inflows from pension	(411,917)	(73,455)
Net cash provided (used) by operating activities	<u>\$ 10,802,334</u>	<u>(456,423)</u>
Noncash investing, capital, and financing activities:		
Decrease in fair value of investments	(571,367)	-
Amortization of premium & unamortized loss on bond defeasance	<u>(86,620)</u>	<u>-</u>

See accompanying Notes to the Basic Financial Statements.

Sewer	Sanitation	Nonmajor	Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
			Total		
709,600	689,114	(327,870)	\$	7,343,148	\$ (6,569,112)
630,945	-	459,755		4,052,960	1,389,225
(160,210)	157,381	424,938		(522,358)	556,733
-	-	-		-	20,456
(623,475)	(947,084)	(361,666)		(3,695,341)	(5,626,188)
88,120	96,572	666,691		2,609,952	(742,130)
-	-	2,077,513		2,077,513	-
-	-	-		-	171,688
(14,001)	15,109	27,950		52,652	(22,677)
-	-	-		34,696	-
-	-	-		289,107	(70,807)
-	-	-		-	2,026,119
-	-	(41,447)		(41,447)	-
28,482	33,504	17,803		156,526	251,804
750,238	1,139,640	435,205		4,446,682	6,499,865
(171,635)	(260,721)	(99,571)		(1,017,299)	(1,548,468)
<u>1,238,064</u>	<u>923,515</u>	<u>3,279,301</u>	\$	<u>15,786,791</u>	\$ <u>(3,663,492)</u>
-	-	-		(571,367)	(617,375)
-	-	-	\$	<u>(86,620)</u>	\$ <u>-</u>

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
Assets		
Cash and investments	\$ 8,730,915	\$ 23,651,483
Restricted assets:		
Cash and investments, bond proceeds	5,831,789	
Cash and investments with fiscal agents	6,687,057	153,484
Receivables, net of allowances:		
Accounts	17,944	-
Interest	23,396	23,836
Taxes	-	4,157
Land held for redevelopment	278,200	-
	<u>21,569,301</u>	<u>23,832,960</u>
Total assets	\$ 21,569,301	\$ 23,832,960
Deferred outflows of resources:		
Unamortized loss on bond defeasance	\$ 393,515	\$ -
Deferred amounts on pension plans	141,438	-
	<u>534,953</u>	<u>-</u>
Total deferred outflows of resources	\$ 534,953	\$ -
Liabilities		
Accounts payable	\$ 9,881	\$ 38,981
Interest payable	1,748,706	-
Deposits payable	-	11,541
Due to City employees	-	4,171,591
Due to governmental agencies	-	19,396,024
Due to bondholders	-	214,823
Advance from the City	532,601	-
Long-term liabilities:		
Due within one year	4,125,756	-
Due in more than one year	86,083,749	-
	<u>92,500,693</u>	<u>23,832,960</u>
Total liabilities	\$ 92,500,693	\$ 23,832,960
Deferred inflows of resources:		
Deferred amounts on pension plans	14,798	
Net position (deficit)		
Held in trust for other purposes	\$ (70,411,237)	

See accompanying Notes to the Basic Financial Statements.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2017

		Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund
Additions:		
Property taxes	\$	9,214,353
Investment earnings		63,016
Other		1,005,181
		10,282,550
Deductions:		
Program expenses		434,950
Administrative expenses		245,673
Interest and fiscal agency expenses		5,321,941
Capital contribution to the City		2,776,255
		8,778,819
Change in net position		1,503,731
Net position (deficit) - beginning		(71,914,968)
Net position (deficit) - ending	\$	(70,411,237)



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Notes to the Basic Financial Statements



CITY OF SANTA ANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

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 for which there is a benefit/burden relationship and the financial 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

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 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 Community Redevelopment Agency (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.

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

For the Year Ended June 30, 2017

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

B. Government-wide and Fund Financial Statements (Continued)

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

For the Year Ended June 30, 2017

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

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

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, all other grant requirements have been met, and the susceptible to accrual criteria have been met. Grant funds received before the revenue recognition criteria have been met are reported as unearned revenue.

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.

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.

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

For the Year Ended June 30, 2017

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

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

Sanitation Fund. This fund is used to account for the provision of motorized sweeping of all improved streets in the City, graffiti removal, and weed control.

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.

Successor Agency to the 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.

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

For the Year Ended June 30, 2017

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances

Cash and Investments. For purposes of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling the cash and investments of all funds. As amounts are available to these funds on demand without prior notice or penalty, all cash and investments are considered to be cash and cash equivalents for statement of cash flows purposes.

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

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

Cash and Investments with Fiscal Agents. This account includes unexpended bond and loan proceeds, amounts set aside for payment of debt service, and state condemnation funds held with the State.

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.

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

For the Year Ended June 30, 2017

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances
(Continued)**

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. The properties held for resale are for the primary purpose of developing low and moderate income housing and completing street improvement projects and 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 two years or more. Bulk purchases of library materials with unit costs of less than \$5,000 are capitalized as a group. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City included \$92,074 out of a total of \$693,550 of interest expense as part of the cost of capital assets under construction.

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

For the Year Ended June 30, 2017

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances
(Continued)**

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

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue/contra expense) until that time. The City has the following items that qualify for reporting in this category:

- Unavailable revenues reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues 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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Major sources of unavailable revenues are intergovernmental revenues for grants and cost recoveries.

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

For the Year Ended June 30, 2017

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances
(Continued)**

- Differences between expected and actual experience and changes of assumptions related to the net pension liability in the government-wide statement of net position and proprietary statement of net position. These amounts are deferred and amortized as a component of pension expense in future periods.

Arbitrage Liability. Any liability for arbitrated interest is recorded in the fund incurring the liability and interest income is reduced by the amount of liability incurred during the year. The City had no arbitrage liability as of June 30, 2017.

Compensated Absences. It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Depending on the bargaining group and years of service, a liability for unpaid accumulated sick leave is accrued for employees who have attained ten (10) years or more of continuous service, up to two-thirds (2/3) of the total accumulated sick leave benefit credited to the employee, to a maximum of 1,066 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 funds, and the private-purpose trust fund. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Pensions. For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

For the Year Ended June 30, 2017

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

Fund Balances. Governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2017, fund balances for government funds are made up of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. The City Council adopts a motion to this effect by the affirmative votes of at least two-thirds (2/3) of the members of the city council to commit fund balance by an ordinance prior to the end of the fiscal year. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council has by resolution authorized the City Manager to assign fund balance. The Council may also assign fund balance through the annual adopted budget and as amended per the approved budget policy. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned Fund Balance* – is the residual classification for the General Fund including all amounts not contained in the other classifications and the residual negative fund balance of governmental funds other than the General Fund. Unassigned amounts are technically available for any purpose.

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

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

For the Year Ended June 30, 2017

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

E. New Accounting Pronouncements

Current Year Standards

GASB 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, contains provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016, and did not impact the City.

GASB 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016, and did not impact the City.

GASB 77 - *Tax Abatement Disclosure*, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 79 - *Certain External Investment Pools and Pool Participants*, contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 80 - *Blending Requirements for Certain Component Units*, effective for periods beginning after June 15, 2016, and did not impact the City.

Pending Accounting Standards

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017.
- GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017.
- GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

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

For the Year Ended June 30, 2017

NOTE 2. FUND DEFICITS

At June 30, 2017, the deficits of \$0.2 million in the Non-major Civic Center Maintenance Special Revenue Fund and \$2.0 million in the Non-major Capital Grants Capital Projects Fund are primarily due to the timing of receipt which did not meet the revenue recognition criteria for governmental funds. Subsequent collection of the receivables will reduce the deficits.

The deficits of \$1.7 million in the Major Enterprise Sanitation Fund, \$0.008 million in the Internal Service Central Services Fund, \$1.0 million in the Internal Service Building Maintenance Fund, \$1.1 million in the Internal Service Self Insurance Fund and \$13.9 million in the Internal Service Engineering and Administrative Services Fund are primarily due to the implementation of GASB Statement No. 68. In order to address pension obligations and future benefit contributions, the City has established the pension stability fund shown as a restricted asset within the General Fund in the Governmental Funds Balance Sheet.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2017 were classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 310,445,961
Restricted assets:	
Cash and investments	5,995,527
Cash and investments with fiscal agents	10,170,028
Pension stability funds	500,851
Statement of fiduciary net position:	
Cash and investments	32,382,398
Restricted assets:	
Cash and investments	5,831,789
Cash and investments with fiscal agents	<u>6,840,541</u>
Total cash and investments	<u>\$ 372,167,095</u>

Cash and investments as of June 30, 2017 consisted of the following:

Cash on hand	\$ 514,159
Deposits with financial institutions	23,963,399
Investments	<u>347,689,537</u>
Total cash and investments	<u>\$ 372,167,095</u>

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

A. Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The investment types that are prohibited 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, or assets held in the Public Agencies Retirement Trust that are governed by provisions of the Plan documents of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
Federal Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Medium-Term Notes	Yes	5 years	15%	5%
Mutual Funds investing in eligible securities	Yes	None	20%	10%
Money Market Mutual Funds	Yes	None	20%	10%
Local Agency Investment Fund (LAIF)	Yes	None	65 Million	None
Supranational Obligations	Yes	5 Years	30%	None

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

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

A. Cash and Investments (Continued)

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 21, 2016, 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:

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

A. Cash and Investments (Continued)

Investment Type	Total	Remaining Maturity (in months)		
		12 Months or Less	13 to 24 Months	25-60 Months
Federal Agency Securities	\$ 284,814,838	\$ 67,408,849	\$ 51,874,963	\$ 165,531,026
Negotiable Certificates of Deposit	6,923,475	2,954,351	985,803	2,983,321
Local Agency Investment Fund	40,476,867	40,476,867	-	-
Held by Fiscal Agent:				
Money Market Funds	8,787,314	8,787,314	-	-
Federal Agency Securities	6,687,043	6,687,043	-	-
	<u>\$ 347,689,537</u>	<u>\$ 126,314,424</u>	<u>\$ 52,860,766</u>	<u>\$ 168,514,347</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	\$ 112,265,542

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 by Moody's as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Rating as of Year End	
			Aaa	Not Rated
Federal Agency Securities	\$ 284,814,838	N/A	\$ 284,814,838	\$ -
Negotiable Certificates of Deposit	6,923,475	N/A	-	6,923,475
Local Agency Investment Fund	40,476,867	N/A	-	40,476,867
Held by Fiscal Agent:				
Money Market Funds	8,787,314	A	8,787,314	-
Federal Agency Securities	6,687,043	N/A	6,687,043	-
	<u>\$ 347,689,537</u>		<u>\$ 300,289,195</u>	<u>\$ 47,400,342</u>

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

A. Cash and Investments (Continued)

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	Federal agency securities	\$ 68,043,677
Federal Home Loan Bank	Federal agency securities	82,849,800
Federal Home Loan Mortgage Corp.	Federal agency securities	61,415,118
Federal National Mortgage Association	Federal agency securities	72,506,243

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 \$4.2 million and \$6.7 million that were held by the bonds trustee of cash and investments pool. The amount of \$4.2 million reported in the Special Revenue Gas Tax Fund (a major fund of the City) is held in the form of Money Market fund and \$6.7 million reported in the Successor Agency to the Santa Ana Redevelopment Private-Purpose Trust fund is held in the form of Federated Treasury Obligation fund.

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, 2017, 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.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

A. Cash and Investments (Continued)

Investments 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. The balance available for withdrawal is based on the accounting records maintained by LAIF.

Investments in Public Agencies Retirement Trust

The General Fund includes \$500,851 of pension stability funds that represent assets restricted to the defined benefit pension plan. The Plan assets are subject to the investment selections stipulated in the Plan document rather than the general provisions of the California Government Code or the City's investment policy. The City has authorized investments in the United States Treasury funds only. Cash and investments of the Plan are included in the basic financial statements as of June 30, 2017.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2017:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal Agency Securities	\$ -	\$ 284,814,838	\$ -	\$ 284,814,838
Negotiable Certificates of Deposit	-	6,923,475	-	6,923,475
Held by Fiscal Agent:				
Federal Agency Securities	-	6,687,043	-	6,687,043
Total Leveled Investments	\$ -	\$ 298,425,356	\$ -	298,425,356
Local Agency Investment Fund *				40,476,867
Money Market Funds *				8,787,314
				<u>\$ 347,689,537</u>

* Not subject to fair value measurements.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

B. Capital Assets

A summary of changes in the Governmental Activities capital assets at June 30, 2017 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	\$ 14,288,791	\$ -	\$ -	\$ 14,288,791
Right of Way	495,571,103	162,566	(1,158,035)	494,575,634
Street Trees	8,011,358	5,928	(2,464)	8,014,822
Construction in progress	<u>66,609,105</u>	<u>49,123,664</u>	<u>(46,176,427)</u>	<u>69,556,342</u>
Total capital assets, not being depreciated	<u>584,480,357</u>	<u>49,292,158</u>	<u>(47,336,926)</u>	<u>586,435,589</u>
Capital assets being depreciated:				
Buildings and building improvements	198,606,231	1,530,058	-	200,136,289
Improvements other than buildings	91,972,486	8,157,651	(1,990,897)	98,139,240
Equipment	46,013,889	4,126,973	(966,501)	49,174,361
Infrastructure	463,210,385	24,335,977	(5,213,599)	482,332,763
Library materials	7,342,861	252,209	(443,477)	7,151,593
Computer software	<u>6,244,193</u>	<u>249,650</u>	<u>-</u>	<u>6,493,843</u>
Total capital assets being depreciated	<u>813,390,045</u>	<u>38,652,518</u>	<u>(8,614,474)</u>	<u>843,428,089</u>
Less: Accumulated depreciation for:				
Buildings and building improvements	(135,891,435)	(5,953,171)	-	(141,844,606)
Improvements other than buildings	(50,608,600)	(4,428,185)	-	(55,036,785)
Equipment	(37,366,241)	(2,093,795)	966,501	(38,493,535)
Infrastructure	(220,558,466)	(14,528,767)	4,773,095	(230,314,138)
Library materials	(6,378,846)	(266,569)	443,394	(6,202,021)
Computer software	<u>(2,601,746)</u>	<u>(631,701)</u>	<u>-</u>	<u>(3,233,447)</u>
Total Accumulated depreciation	<u>(453,405,334)</u>	<u>(27,902,188)</u>	<u>6,182,990</u>	<u>(475,124,532)</u>
Capital assets being depreciated, net	<u>359,984,711</u>	<u>10,750,330</u>	<u>(2,431,484)</u>	<u>368,303,557</u>
Governmental activities capital assets, net	\$ <u>944,465,068</u>	\$ <u>60,042,488</u>	\$ <u>(49,768,410)</u>	\$ <u>954,739,146</u>

The City made an adjustment to decrease \$9.6 million of construction in progress in the Governmental activities capital assets due to changes in the scope and funding of projects during the current fiscal year.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

B. Capital Assets (Continued)

A summary of changes in the Business-type Activities capital assets at June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,987,085	\$ -	\$ -	\$ 7,987,085
Construction in progress	<u>6,585,452</u>	<u>10,877,325</u>	<u>(9,005,900)</u>	<u>8,456,877</u>
Total capital assets not being depreciated	<u>14,572,537</u>	<u>10,877,325</u>	<u>(9,005,900)</u>	<u>16,443,962</u>
Capital assets being depreciated:				
Buildings and building improvements	8,831,492	-	-	8,831,492
Improvements other than buildings	167,134,735	8,733,127	(78,606)	175,789,256
Equipment	16,340,780	294,502	-	16,635,282
Parking structures	19,565,852	243,049	-	19,808,901
Computer software	<u>278,589</u>	<u>-</u>	<u>-</u>	<u>278,589</u>
Total capital assets being depreciated	<u>212,151,448</u>	<u>9,270,678</u>	<u>(78,606)</u>	<u>221,343,520</u>
Less: Accumulated depreciation for:				
Buildings and building improvements	(6,927,476)	(218,482)	-	(7,145,958)
Improvements other than buildings	(89,722,890)	(3,011,808)	72,597	(92,662,101)
Equipment	(10,584,816)	(393,338)	-	(10,978,154)
Parking structures	(10,035,908)	(415,403)	-	(10,451,311)
Computer software	<u>(83,575)</u>	<u>(13,929)</u>	<u>-</u>	<u>(97,504)</u>
Total Accumulated depreciation	<u>(117,354,665)</u>	<u>(4,052,960)</u>	<u>72,597</u>	<u>(121,335,028)</u>
Capital assets being depreciated, net	<u>94,796,783</u>	<u>5,217,718</u>	<u>(6,009)</u>	<u>100,008,492</u>
Business-type activities capital assets, net	<u>\$ 109,369,320</u>	<u>\$ 16,095,043</u>	<u>\$ (9,011,909)</u>	<u>\$ 116,452,454</u>

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

B. Capital Assets (Continued)

		<u>June 30, 2017</u>
Governmental activities:		
General government	\$	1,352,658
Finance and management services		186,476
Museum		906,454
Library		323,572
Recreation and community services		2,405,392
Police		4,508,086
Fire		466,730
Planning and building		3,286
Public works		16,039,647
Community development		320,662
Internal service funds		<u>1,389,225</u>
Total depreciation expense-governmental activities	\$	<u><u>27,902,188</u></u>
Business-type activities:		
Water	\$	2,626,834
Parking		335,426
Sewer		630,945
Refuse Collections		2,142
Transportation Center		430,262
Federal Clean Water Protection		<u>27,351</u>
Total depreciation expense - business-type activities	\$	<u><u>4,052,960</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2017. The projects include street widening and improvements, various park improvements, improvements to the water system, sewer improvements and storm drain improvements:

<u>Projects:</u>	<u>Spent-to date</u>	<u>Remaining Commitment</u>	<u>Total Project Budget</u>
Street widening and improvements	\$ 106,344,699	\$ 63,963,142	\$ 170,307,841
Park improvements	6,239,067	15,146,875	21,385,942
Water system improvements	14,113,931	8,834,968	22,948,899
Sewer improvements	4,268,136	8,283,402	12,551,538
Other improvements	8,396,420	13,552,967	21,949,387

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

C. Interfund Receivables, Payables, Transfers and Advances

The composition of interfund balances as of and for the year ended June 30, 2017 is as follows:

Due To/From Other Funds:

<u>Due To Other Funds (Payable)</u>	<u>Due From Other Funds (Receivable)</u>		<u>Total</u>
	<u>Internal Service Self Insurance Fund</u>	<u>Non-major Capital Projects Capital Grants Fund</u>	
Non-major Special Revenue Funds:			
Civic Center & Maintenance Fund	\$ 384,320	\$ -	\$ 384,320
Non-major Capital Projects Funds:			
Capital Grants Fund	2,560,888	-	2,560,888
Non-major Enterprise Funds:			
Transportation Center Fund	316,896	-	316,896
Major Capital Projects Fund:			
Street Construction Fund	-	41,732	41,732
Total	\$ 3,262,104	\$ 41,732	\$ 3,303,836

The Non-major Special Revenue Civic Center Maintenance Fund received a temporary advance from the Self Insurance Internal Service Fund to cover a cash shortfall. Subsequent collection of receivables will repay the advance.

The Non-major Capital Projects Capital Grants Funds received a temporary advance from the Self Insurance Internal Service Fund to cover a cash shortfall. Subsequent collection of receivables from the granting agencies will repay the advance.

The Non-major Enterprise Transportation Center Fund received a temporary advance from the Self Insurance Internal Service Fund to cover a cash shortfall. The advance is expected to be repaid with future reductions in expenditures along with corresponding increase in revenues.

The Non-major Capital Projects Capital Grants Fund incurred expenditures for a construction project for the Major Capital Projects Street Construction Fund, which will be reimbursed during fiscal year 2017-18.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

C. Interfund Receivables, Payables, Transfers and Advances (Continued)

Interfund Transfers:

Transfers Out	Transfers In					Total
	General Fund	Capital Projects Street Construction Fund	Debt Service SAFA Fund	Non-Major Special Revenue Fund	Non-Major Enterprise Fund	
General Fund	\$ -	-	9,579,500	1,464,345	-	\$ 11,043,845
Special Revenue Gas Tax Fund	-	353,778	-	-	-	353,778
Water-major Enterprise Fund	20,726	-	-	-	1,268,283	1,289,009
Parking-Major Enterprise Fund	451	-	-	-	-	451
Sewer-Major Enterprise Fund	-	-	-	-	229,703	229,703
Sanitation -Major Enterprise Fund	5,407	-	-	-	-	5,407
Non-Major Enterprise Fund	-	-	-	-	789,179	789,179
Internal Service Funds	7,660	-	212,990	-	-	220,650
Total	\$ 34,244	353,778	9,792,490	1,464,345	2,287,165	\$ 13,932,022

The General Fund received transfers of \$34,244 for capital lease and loan payments for the 800 MHz Radio System. The transfers consisted of \$20,726 from the Water Major Enterprise Fund, \$451 from the Parking Major Enterprise Fund, \$5,407 from the Sanitation Major Enterprise Fund, \$3,605 from the Equipment Maintenance and Replacement Internal Service Fund, and \$4,055 from the Engineering and Administrative Services Internal Service Fund.

The Street Construction Capital Projects Fund received \$353,778 from Special Gas Tax Fund to reimburse the Street Construction Fund for eligible street related construction and maintenance costs.

The Debt Service Santa Ana Financing Authority Fund received transfers of \$9,792,490 for debt service payments of the 1994 Series Police Lease Revenue bonds and the 2014 Private Placement Financing. The transfers consisted of \$9,579,500 from the General Fund and \$212,990 from the Engineering and Administrative Services Internal Service Fund.

The Civic Center & Maintenance Non-Major Special Revenue Funds received transfers of \$1,464,345 from the General Fund to pay for the City's annual share of Civic Center maintenance obligations payable to the County of Orange.

The Federal Clean Water Protection Non-Major Enterprise Fund received \$1,268,283 from Water Major Enterprise Fund, \$229,703 from Sewer-Major Enterprise Fund, and \$789,179 from Refuse Collection Non-Major Enterprise Fund for surcharges that fund the various activities of the storm water management program.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

C. Interfund Receivables, Payables, Transfers and Advances (Continued)

Advances To/From Other Funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Internal Service Funds	General Fund	\$ 2,336,000
Capital Projects Housing Successor Agency	Santa Ana Redevelopment Agency Private-Purpose Trust Fund	532,601
		\$ 2,868,601

The \$2,336,000 represents the outstanding balance of \$2.9 million advance made by the Self Insurance Fund to the General Fund for the construction of Fire Station #1. The annual repayment of \$292,000 will be made through July, 2024.

The advances made from the Capital Project Housing Successor Agency Fund to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund of \$4.8 million were used for ERAF and SERAF payments as mandated by the State to balance the State of California 2005-06 and 2009-10 budgets. The \$532,601 represents the outstanding balance as of June 30, 2017.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital lease obligations	\$ 4,627,003	\$ -	\$ 627,773	\$ 3,999,230	\$ 529,478
Certificates of participation	60,515,000	-	1,450,000	59,065,000	1,525,000
Lease revenue bonds	28,362,500	-	2,840,000	25,522,500	3,017,500
Private placement financing	37,720,000	-	3,885,000	33,835,000	4,015,000
Long-term loans & other payables	1,999,507	2,051,786	300,727	3,750,566	497,229
Less: Bond discount	<u>(779,959)</u>	<u>-</u>	<u>(32,498)</u>	<u>(747,461)</u>	<u>-</u>
Total bonds payable, long-term loans and capital lease obligations	<u>132,444,051</u>	<u>2,051,786</u>	<u>9,071,002</u>	<u>125,424,835</u>	<u>9,584,207</u>
Compensated absences payable	23,443,634	8,792,597	9,774,242	22,461,989	5,615,497
Postemployment benefits obligation	9,315,209	798,333	-	10,113,542	-
Net pension liability	442,898,756	99,002,712	-	541,901,468	-
Claims payable - worker's compensation	22,391,178	7,275,778	5,789,006	23,877,950	4,400,000
Claims payable - liability insurance	<u>10,867,037</u>	<u>5,138,655</u>	<u>4,599,308</u>	<u>11,406,384</u>	<u>2,950,000</u>
Governmental activities Long-term liabilities	<u>\$ 641,359,865</u>	<u>\$ 123,059,861</u>	<u>\$ 29,233,558</u>	<u>735,186,168</u>	<u>22,549,704</u>
Business-type activities:					
Revenue bonds payable	\$ 15,085,000	\$ -	\$ 665,000	\$ 14,420,000	\$ 685,000
Notes payable	289,609	-	191,393	98,216	98,216
Add: Bond premium	<u>2,221,602</u>	<u>-</u>	<u>147,289</u>	<u>2,074,313</u>	<u>-</u>
Total bonds payable and long-term notes payable	<u>17,596,211</u>	<u>-</u>	<u>1,003,682</u>	<u>16,592,529</u>	<u>783,216</u>
Compensated absences payable	1,759,546	809,184	756,531	1,812,199	453,049
Postemployment benefits obligation	984,204	156,526	-	1,140,730	-
Net pension liability	<u>25,145,479</u>	<u>4,446,677</u>	<u>-</u>	<u>29,592,156</u>	<u>-</u>
Business-type activities Long-term liabilities	<u>\$ 45,485,440</u>	<u>\$ 5,412,387</u>	<u>\$ 1,760,213</u>	<u>\$ 49,137,614</u>	<u>\$ 1,236,265</u>

Internal service funds predominantly serve the governmental funds. Accordingly, \$35.3 million of claims payable is included as part of the above totals for governmental activities.

At year-end, \$2.3 million of internal service funds compensated absences are included in the above amounts. For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

The following is a summary of changes in long-term liabilities of the Private-Purpose Trust Fund for the year ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Private-purpose trust activities:					
2003A Tax allocation bonds	\$ 14,570,000	\$ -	\$ 650,000	\$ 13,920,000	\$ 675,000
2003B Tax allocation refunding bonds	10,485,000	-	2,430,000	8,055,000	2,550,000
2011A Tax allocation bonds	66,790,000	-	-	66,790,000	805,000
Long-term loans	1,961,418	-	1,880,008	81,410	81,410
Less: Bond discount	(171,346)	-	(37,384)	(133,962)	-
Add: Bond premium	572,551	-	190,849	381,702	-
Total bonds payable, long-term	<u>94,207,623</u>	<u>-</u>	<u>5,113,473</u>	<u>89,094,150</u>	<u>4,111,410</u>
Compensated absences payable	51,974	19,611	14,198	57,387	14,346
Postemployment benefits obligation	320,719	517	-	321,236	-
Net pension liability	<u>626,027</u>	<u>110,705</u>	<u>-</u>	<u>736,732</u>	<u>-</u>
Private-purpose trust					
Long-term liabilities	<u>\$ 95,206,343</u>	<u>\$ 130,833</u>	<u>\$ 5,127,671</u>	<u>\$ 90,209,505</u>	<u>\$ 4,125,756</u>

A description of each long-term debt obligation follows:

CAPITAL LEASE OBLIGATIONS

800 MHz Radio System. On November 23, 2004, the City and thirty seven other cities in the Orange County executed a Joint Agreement for the Operation Maintenance and Financial Management of the Orange County 800 Megahertz Countywide Coordinated Communications System, which provides for the management and governance of the 800MHz Countywide Coordinated Communication System (800 MHz CCCS).

On May 5, 2016, the City entered into an agreement amendment with the County of Orange for the operation, maintenance and financial management of the 800 MHz CCCS, which consisted of the replacement of the backbone infrastructure equipment, along with agency owned equipment and dispatch consoles with the radio equipment.

The City financed the purchase of equipment necessary to implement the 800 MHz system upgrade by entering into an equipment lease-purchase agreement with Motorola Credit Corporation and Motorola Solutions, Inc. The minimum lease payments required during the ten year term of the agreement are \$4.9 million. The lease payment discounted at an estimated interest rate of 3.12 percent provides a present value of \$4.3 million, which is capitalized as equipment in the City's capital assets with a cost of \$3.3 million and accumulated depreciation of \$0.5 million as of June 30, 2017.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

Period Ending June 30	Payment	Interest
2018	\$ 368,499	\$ 118,267
2019	380,163	106,603
2020	392,195	94,571
2021	404,608	82,158
2022	417,413	69,353
2023-2025	1,806,013	141,049
Total	<u>\$ 3,768,891</u>	<u>\$ 612,001</u>

Copier Lease. On November 23, 2016, the City entered into an agreement with C3 Office Solutions, LLC to lease copiers stationed at various City locations. On November 23, 2016, C3 Office Solutions, LLC sold and assigned to GE Capital Information Technology Solutions, LLC all of its right, title, and interest in and to the lease transaction, including the equipment and all payments and other amounts due under the agreement.

The minimum lease payments required during the three year term of the agreement are \$0.6 million. The lease payment discounted at an estimated interest rate of 4.75 percent provides a present value of \$0.5 million, which is capitalized as equipment in the City's capital assets with a cost of \$0.5 million and accumulated depreciation of \$0.2 million as of June 30, 2017.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

Period Ending June 30	Principal	Interest
2018	160,979	7,466
2019	69,360	825
Total	<u>\$ 230,339</u>	<u>\$ 8,291</u>

CERTIFICATE OF PARTICIPATION

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

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

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 \$132.5 million. Pledged gas tax revenues recognized during the fiscal year ended June 30, 2017 was \$6.6 million as against the total debt service payment of \$4.2 million. At June 30, 2017, the reserve balance was \$4.2 million. The unpaid balance as of June 30, 2017 was \$59.1 million. Gas Tax Revenue COP debt service requirements to maturity are as follows:

Period Ending	Principal	Interest
June 30	Principal	Interest
2018	\$ 1,525,000	\$ 2,649,556
2019	1,600,000	2,574,431
2020	1,675,000	2,503,931
2021	1,740,000	2,435,631
2022	1,810,000	2,362,821
2023-2027	10,285,000	10,538,803
2028-2032	12,825,000	7,930,794
2033-2037	16,075,000	4,601,884
2038-2040	11,530,000	834,294
Total	\$ <u>59,065,000</u>	\$ <u>36,432,145</u>

LEASE REVENUE BONDS

Police Lease Revenue Bonds. On March 23, 1994, the Santa Ana Financing Authority (SAFA) issued the Police Administration and Holding Facility Lease Revenue Bonds in the amount of \$107.4 million to provide funds for the construction and equipping of a police administration and holding facility. The bonds were issued in the following portfolio mix: \$1.5 million Capital Appreciation Bonds with accreted values of \$0.3 million due July 1, 2001, \$0.8 million due July 1, 2002 and \$1.3 million due July 1, 2003; \$17.6 million of Current Interest Serial Bonds are due in amounts ranging from \$1.8 million starting July 1, 2004 to \$3.6 million ending in July 1, 2009; \$21.2 million of Auction Inverse Rate Securities Term Bonds (AIRS), due in amounts ranging from \$3.8 million starting in July 1, 2011, to \$4.7 million ending July 1, 2014; \$28.5 million of noncallable Premium Serial Bonds due in amounts ranging from \$5.0 million starting July 1, 2016 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%.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

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). The unpaid balance as of June 30, 2017 was \$25.5 million.

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

Period Ending		Principal	Interest
June 30		Principal	Interest
2018	\$	3,017,500	\$ 1,595,157
2019		3,205,000	1,406,563
2020		3,407,500	1,206,250
2021		3,620,000	993,282
2022		3,845,000	767,032
2023-2024		8,427,500	798,125
Total	\$	<u>25,522,500</u>	<u>\$ 6,766,409</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 2016 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 2016 through 2024, in amounts ranging from \$3.1 million to \$4.3 million and bear interest at 3.32%. The unpaid balance as of June 30, 2017 was \$33.8 million.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

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

Period Ending June 30	TPB Investment, Inc.		Compass Mortgage Corporation		Capital One Public Funding, LLC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 2,085,000	\$ 536,346	\$ 950,000	\$ 243,688	\$ 980,000	\$ 362,443	\$ 4,015,000	\$ 1,142,477
2019	2,155,000	467,124	980,000	212,148	1,010,000	327,476	4,145,000	1,006,748
2020	2,230,000	395,578	1,015,000	179,612	1,045,000	291,355	4,290,000	866,545
2021	2,305,000	321,542	1,045,000	145,914	1,090,000	253,892	4,440,000	721,348
2022	2,380,000	245,016	1,080,000	111,220	1,125,000	214,921	4,585,000	571,157
2023-2027	5,000,000	250,328	2,270,000	113,710	4,370,000	503,426	11,640,000	867,464
2028	-	-	-	-	720,000	13,500	720,000	13,500
Total	\$ 16,155,000	\$ 2,215,934	\$ 7,340,000	\$ 1,006,292	\$ 10,340,000	\$ 1,967,013	\$ 33,835,000	\$ 5,189,239

LONG-TERM LOANS AND OTHER PAYABLES

Southern California Edison On-Bill Financing Program. On August 2011, the Council approved the installation of energy-efficient LED street lights on Main Street and Edinger Avenue. The project was funded through Southern California Edison's On-Bill Financing Program. Through this program, the City received zero percent financing for approved energy reduction projects for \$1.3 million. Since inception of this program, the Council has approved the installation of street lights at various other city locations. The costs are repaid from energy savings over a period of up to ten years. The unpaid balance as of June 30, 2017 was \$1.4 million. The annual debt service requirements are as follows:

Period Ending June 30	Principal
2018	230,692
2019	230,306
2020	222,542
2021	187,811
2022	167,353
2023-2025	364,194
Total	\$ 1,402,898

800 MHz Radio System. On May 22, 2015, the City entered into a financing agreement with Holman Capital Corporation to fund the City's partnership cost for participating in the Next Generation Systems for 800 MHz CCCS, which requires the replacement of the backbone radio infrastructure equipment. On June 5, 2015, Homan Capital Corporation assigned its right, title, and interest in and to the agreement to Community Business Bank. The City's partnership costs totaling \$2.3 million are payable over three fiscal years. Community Business Bank provided the funding necessary to fulfill the City's commitment for the first two years in the amount of \$1.0 million at interest rate of 3% per annum. The unpaid balance as of June 30, 2017 was \$0.9 million.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

The annual debt service requirements are as follows:

Period Ending		Principal		Interest
June 30		<u> </u>		<u> </u>
2018	\$	99,479	\$	25,458
2019		102,497		22,440
2020		105,607		19,330
2021		108,811		16,126
2022		112,112		12,825
2023-2025		<u>357,162</u>		<u>17,650</u>
Total	\$	<u>885,668</u>	\$	<u>113,829</u>

On June 15, 2017, the City entered into a financing agreement with Holman Capital Corporation to fund the City’s commitment to fulfill the third year (fiscal year 2017-18) partnership cost for this project. The total amount financed was \$1.5 million at interest rate of 3.1% per annum. On June 15, 2017, Homan Capital Corporation assigned its right, title, and interest in and to the agreement to Santa Cruz County Bank. The unpaid balance as of June 30, 2017 was \$1.5 million.

The annual debt service requirements are as follows:

Period Ending		Principal		Interest
June 30		<u> </u>		<u> </u>
2018	\$	167,057	\$	39,444
2019		168,303		38,199
2020		173,581		32,921
2021		179,025		27,477
2022		184,640		21,863
2023-2025		<u>589,394</u>		<u>30,111</u>
Total	\$	<u>1,462,000</u>	\$	<u>190,015</u>

COMPENSATED ABSENCES PAYABLE

The City’s policies relating to compensated absences are described in Note 1D. The outstanding balance at June 30, 2017 was \$22.5 million and \$1.8 million for the Governmental Activities and Business-type Activities, respectively. The liability for Governmental Activities is primarily liquidated from the General Fund while the liability for Business-type activities is liquidated from the Enterprise Funds.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

REVENUE BONDS PAYABLE

Water Revenue Refunding Bonds, Series 2014. On August 7, 2014, the City, through the Santa Ana Financing Authority (SAFA), issued Water Revenue Refunding Bonds, Series 2014 for \$15.7 million. The proceeds of the bonds were used to (a) provide funds to refund in full the Authority's Water Revenue Refunding Bonds, Series, 2004, b) to finance a portion of the acquisition and construction of certain improvements to the City's Water System, and lastly c) to pay certain costs of issuance of the Bonds. The principal of the bonds is payable commencing March 1, 2016, through 2032 and interest rate ranges from 2.0% to 5.0%.

The 2014 Bonds are payable solely from installment payment made by the City from Net System Revenues pursuant to the Installment Purchase Agreement. These revenues have been pledged until fiscal year 2025. Total debt service amount for the bonds is \$23.4 million. Pledged revenue recognized during the fiscal year ended June 30, 2017 was \$9.8 million as against total debt payment of \$1.4 million. There is no requirement for establishing a reserve fund as security for the Bonds. The unpaid balance as of June 30, 2017 was \$14.4 million.

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

Period Ending		Principal		Interest
June 30				
2018	\$	685,000	\$	676,525
2019		710,000		645,075
2020		745,000		608,700
2021		785,000		570,450
2022		820,000		530,325
2023-2027		4,730,000		2,231,563
2028-2032		5,945,000		772,375
Total	\$	<u>14,420,000</u>	\$	<u>6,035,013</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:

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

	<u>June 30, 2017</u>
Operating revenue	\$ 51,657,602
Operating expenses (net of depreciation expense of \$ 2,626,834)	<u>41,892,120</u>
Net revenue	9,765,482
Amount required for payment of principal and interest payable for the year ended June 30, 2018 (\$1,361,525 x 1.20)	<u>1,633,830</u>
Excess of net revenue over amount required	\$ <u><u>8,131,652</u></u>

NOTES PAYABLE

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

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, 2017 was \$0.1 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	Principal	Interest
<u>June 30</u>	<u></u>	<u></u>
2018	\$ 98,216	\$ 1,719
Total	<u>\$ 98,216</u>	<u>\$ 1,719</u>

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

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 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 Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2017 was \$13.9 million.

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

Period Ending	Principal	Interest
June 30		
2018	\$ 675,000	\$ 598,405
2019	700,000	570,905
2020	730,000	541,940
2021	760,000	511,015
2022	795,000	477,963
2023-2027	4,555,000	1,814,097
2028-2032	5,705,000	664,763
Total	\$ <u>13,920,000</u>	\$ <u>5,179,088</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 Successor Agency and are recorded in the Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2017 was \$8.1 million.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

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

Period Ending June 30	Principal	Interest
2018	\$ 2,550,000	\$ 339,000
2019	2,685,000	208,125
2020	2,820,000	70,500
Total	\$ 8,055,000	\$ 617,625

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 2011A 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 2011A 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 2011A 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.

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 Successor Agency and are recorded in the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. The balance outstanding as of June 30, 2017 was \$66.8 million.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

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

Period Ending June 30	Principal	Interest
2018	\$ 805,000	\$ 4,189,725
2019	1,145,000	4,140,975
2020	2,735,000	4,040,556
2021	5,475,000	3,809,825
2022	6,105,000	3,467,738
2023-2027	42,765,000	10,313,656
2028-2029	7,760,000	511,988
Total	<u>\$ 66,790,000</u>	<u>\$ 30,474,463</u>

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

ABx1 26 (the "Dissolution Act") was enacted in late June 2011 as part of the fiscal year 2011-12 state budget package and was held by the California Supreme Court to be largely constitutional on December 29, 2011. Under the Dissolution Act, each of California's redevelopment agencies was dissolved as of February 1, 2012. On January 9, 2012, the City adopted a resolution declaring its intent to serve as the Successor Agency and designating the Housing Authority of the City to serve as the Successor Housing Agency. Pursuant to ABx1 26, prior to the dissolution, on August 24, 2011, the Dissolved Redevelopment Agency prepared the initial Enforceable Obligation Payment Schedule (the "EOPS") and subject to update by the Successor Agency. Subsequent legislation further amended the Dissolution Act and the Successor Agency is currently required to submit an annual Oversight Board approved Recognized Obligation Payment Schedule (ROPS) to the County Auditor Controller (CAC) and the Department of Finance (DOF) by February 1st of each year (Section 34177(o)). Distributions from the Redevelopment Property Tax Trust Fund (RPTTF) are made semi-annually on June 1 and January 2. The distribution revenues have been pledged until the year 2031 for the 2003 Series A bonds, 2019 for the 2003 Series B bonds and 2028 for 2011A Bonds in accordance with EOPS and ROPS.

The information of EOPS and ROPS are found on the City's website at:

<http://santa-ana.org/cda/oversight.asp>

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Long Term Liabilities (Continued)

LONG-TERM LOANS

Santa Ana Venture Loan. In April 1984, the Redevelopment Agency entered into a participation agreement with the Santa Ana Venture, a joint venture between JMB/ Federated Realty Association and Henry Segerstrom (the “Participants”), to provide for the rehabilitation and redevelopment of the Main Place project. This agreement provided for the Redevelopment Agency to acquire land within the project area and to sell it to the Participants subject to restrictive terms, conditions, and provisions set forth in the agreement. To fund the Redevelopment Agency’s acquisition of land and other related costs above the funding level made available by the Agency, the Participants agreed to advance the Participant’s purchase price and to make available an unsecured loan of up to \$13.5 million to the extent total Agency costs exceeded \$29 million. The loan accrues interest at 10% per annum and is to be repaid solely from the annual tax increment accruing to the Agency from the project site, each year that the increment is in excess of the tax increment accruing in fiscal year 1984. As of February 1, 2012, the principal balance of \$6.2 million was transferred to the Successor Agency and is recorded in the Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund. As of June 30, 2017, the outstanding principal balance was \$0.1 million, which is due within one year.

E. Special Assessment Debt with No City Commitment

On July 27, 2016, the City issued Assessment District No. 2015-01 (Warner Industrial Community) Limited Obligation Improvement Bonds for \$1.6 million on behalf of the property owners, pursuant to provisions of the Improvement Bond Act of 1915. The proceeds of the bonds is used to finance certain infrastructure improvements within the assessment district, pay the costs of issuing the bonds and certain administrative expenses, and fund a reserve fund for the bonds. The bonds are not a debt or a liability of the City. The City acts solely as an agent and is in no way liable for the Special Assessment debt.

The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of the available funds of the City. Neither the faith and credit nor the taxing power of the City, or the State of California, or any political subdivision thereof is pledged to the payment of these bonds.

Non-committal debt amount issued and outstanding at June 30, 2017 for the bonds was as follows:

Number	Fixed Rate Issues	Bonds Issued	Bonds Outstanding
2015-01	Warner Industrial Community	\$ 1,585,000	\$ 1,585,000
	Total Fixed Rate Issues	<u>\$ 1,585,000</u>	<u>\$ 1,585,000</u>

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

F. Other Bonds 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, 2017, the City and the Housing Authority of the City issued residential mortgage revenue bonds totaling \$55.6 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>
July 1, 2001	4.00-6.50%	\$ 3,640,000
November 1, 2001	6.05%	3,306,407
December 1, 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
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>\$ 55,579,811</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.

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

F. Other Bonds and Loan Programs (Continued)

Residential Loan Programs:

In April 1983, the City Council implemented a self-funding residential loan program. The program makes direct loans to qualifying persons for both single-family and multiple units in amounts up to \$75,000 at 0% to 3% interest, which are either amortized over 20-30 years or deferred up to 30 years for single-family units. Generally, all loans are due upon sale or once the property is no longer owner-occupied, and are secured by a deed of trust. For mobile home loans, the program provides up to \$12,000 with 0% interest and is forgivable after five years.

A number of the loans which may be forgiven are loans to homebuyers for projects with Home Investment Partnership Program (HOME) and Tax Increment funding. In the event the loan has not become due and payable prior to the 45th year, the whole amount will be considered matured and the obligation to pay shall be forgiven as of the maturity date. If the property is sold to a non-income qualified buyer, the full amount will be due and payable in addition to, if required by the specific loan, a Contingent Equity Participation amount as set forth in the promissory note and loan agreement terms.

In addition, the City provides residual receipt loans up to 3% interest to developers for affordable housing multi-family projects for new construction or acquisition/rehabilitation. Some multi-family loans from Tax Increment funding may be forgiven in accordance with the promissory note and loan agreement terms.

The City Council also approved a down payment assistance program for first time homebuyers. The program offers 0% interest, deferred payment loans up to \$40,000. All loans are deferred for 45 years or are due upon sale with the loan secured by a deed of trust.

The above-described loan programs are funded by HOME, CDBG, other grant funds and property tax increment revenues prior to the Dissolution Act. The forgivable loans were offset by allowance for uncollectible accounts and the long-term loans were discounted based on the historical prime rate, which was 4.25 percent as of June 30, 2017. At year-end, loans and notes receivable were reported as follows:

Program/Fund	Loans Receivable	Allowance for Uncollectibles	Net Loans Receivable
Home Investment Partnership Program	\$ 39,183,648	\$ (303,803)	\$ 38,879,845
Community Development Block Grants	2,440,564	(5,423)	2,435,141
Neighborhood Stabilization Program	9,812,257	-	9,812,257
CalHome Program	1,288,085	(136,020)	1,152,065
Total Special Revenue Grants	<u>52,724,554</u>	<u>(445,246)</u>	<u>52,279,308</u>
Capital Projects - Housing Successor Agency	62,203,404	(36,421,404)	25,782,000
	<u>\$ 114,927,958</u>	<u>\$ (36,866,650)</u>	<u>\$ 78,061,308</u>

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

G. Commitments

Appellate Court Garage Lease Agreement

On October 27, 2005, the Santa Ana Financing Authority (SAFA) entered the Lease Agreement with the City to lease the City’s property at the blocks A, B, C and D on Ross Street (Site) for construction of the three-level parking facility. Under the lease, the SAFA agreed to advance rental payment in the amount of \$6.0 million to the City. On October 27, 2005, the SAFA re-leased the Site to the City and assigned its right to receive lease payment and its right to enforce payment of the Lease Payments to All Points Public Funding, LLC.

On March 30, 2007, both parties, the SAFA and the City amended the October 27, 2005 Lease and Release Agreements. Under the amended Lease and Release Agreements, the SAFA agreed to advance rental payment in the amount of \$8.5 million to the City. On March 30, 2007, the SAFA and All Points Public Funding, LLC (now known as Capital One Public Funding, LLC) amended the Assigned Agreement to the lease amount of \$8.5 million.

On June 1, 2014, the Assigned Agreement was amended to give the City a prepayment option and revised the lease payment schedule. The amended lease term is scheduled to end on May 1, 2026. The amended lease payment schedule was computed at 3.6 % per annum. The future minimum lease payments required under the term of the lease at June 30, 2017 totaled \$4.9 million.

<u>Period Ending June 30</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>
2018	\$ 466,212	\$ 170,807	\$ 637,019
2019	483,147	153,872	637,019
2020	500,697	136,622	637,319
2021	518,884	118,135	637,019
2022	537,732	99,287	637,019
2023-2026	2,353,478	194,598	2,548,076
	<u>\$ 4,860,150</u>	<u>\$ 873,321</u>	<u>\$ 5,733,471</u>

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

For the Year Ended June 30, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED):

G. Commitments (Continued)

Encumbrances

Encumbrances represent commitments related to contracts not yet performed, and orders not yet filled and they are used to control expenditure commitments for the year and to enhance cash management. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget. The encumbrances balance at June 30, 2017 was \$6.4 million. These amounts are reported as restricted or assigned fund balance in the governmental funds.

Encumbrances	June 30, 2017
Capital Projects Street Construction	\$ 320,555
General Fund	1,298,483
Internal Services Funds	978,477
Nonmajor Capital Project Funds	41,345
Nonmajor Enterprise Funds	683,702
Parking	102,700
Sewer	1,287,925
Sanitation	183,170
Special Revenue Gas Tax	97,182
Special Revenue Grants	709,970
Water	665,837
	\$ 6,369,346

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION

A. Risk Management

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

Under these programs, the City is self-insured for workers' compensation up to \$1 million each occurrence with Statutory Coverage. Furthermore, the City is a member of the Big Independent Cities Excess Pool (BICEP), a public entity risk pool established to pool resources, share risks, and purchase excess insurance. BICEP's excess liability program began October 1, 1988. Each BICEP member city assumes the first \$1 million of each occurrence. All BICEP members share the risk for the first layer of claims between \$1 million to \$2 million or purchase commercial excess liability insurance depending on market availability and pricing. Reinsurance and excess insurance covers amounts from \$2 million to \$27 million maximum. In 1993, the City became a charter member of the Public Entity Property Insurance Program (PEPIP). Current PEPIP limits are \$1 billion per occurrence for "all risks" and \$82.5 million for flood coverage. The City carries commercial insurance to cover claims of employees participating in the dental program. Also, the City has contracted with the California Public Employees Retirement System (CalPERS) Health Insurance Program to cover claims of employees participating in the HMO and PPO plans contracted by CalPERS. Settled claims have not exceeded commercial coverage during the last three years.

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

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

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The losses include an estimate of claims that have been incurred but not reported. The effects of specific incremental claim adjustment expenditures/expenses, salvage, and subrogation, and other allocated and unallocated claim adjustment expenditures/expenses are included. At June 30, 2017, 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, 2017.

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

A. Risk Management (Continued)

Changes in the balances of claims liabilities since July 1, 2015 resulted from the following:

	Workers		
	<u>Compensation</u>	<u>Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2015	\$ 22,031,029	\$ 9,731,791	\$ 31,762,820
Claims and Changes in Estimate	7,845,434	2,963,684	10,809,118
Claims Payments	<u>(4,891,147)</u>	<u>\$ (1,521,073)</u>	<u>(6,412,220)</u>
Unpaid Claims - June 30, 2016	24,985,316	11,174,402	36,159,718
Less Discount Taken	<u>(2,594,138)</u>	<u>(307,365)</u>	<u>(2,901,503)</u>
Net Unpaid Claims - June 30, 2016	<u>\$ 22,391,178</u>	<u>\$ 10,867,037</u>	<u>\$ 33,258,215</u>

	Workers		
	<u>Compensation</u>	<u>Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2016	\$ 22,391,178	\$ 10,867,037	\$ 33,258,215
Claims and Changes in Estimate	9,352,058	5,006,501	14,358,559
Claims Payments	<u>(4,302,234)</u>	<u>\$ (4,059,961)</u>	<u>(8,362,195)</u>
Unpaid Claims - June 30, 2017	27,441,002	11,813,577	39,254,579
Less Discount Taken	<u>(3,563,052)</u>	<u>(407,193)</u>	<u>(3,970,245)</u>
Net Unpaid Claims - June 30, 2017	<u>\$ 23,877,950</u>	<u>\$ 11,406,384</u>	<u>\$ 35,284,334</u>

B. Related Party Transactions

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

C. Contingent Liabilities

Commitments and Contingencies. Numerous claims and suits have been filed against the City in the normal course of business. To the extent that information available indicates that it is probable a liability has been incurred as of June 30, 2017 and where the amount of loss could be reasonably estimated, the obligation has been accrued as an expense of the City's self-insurance program (see Note 4A).

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

C. Contingent Liabilities (Continued)

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.

Proposition 218. During October, 2017, the City engaged a third-party consultant to conduct a comprehensive analysis of its Enterprise Funds for the purpose of determining compliance with Proposition 218. Preliminary results are expected to be completed during the middle to late fiscal year 2017-18.

D. Joint Ventures

The Orange County Civic Center Authority (the "OCCCA") was created in January 1966 under a Joint Exercise of Powers Agreement between the City and the County of Orange. The purpose of the OCCCA is to provide, through the issuance of revenue bonds, financing necessary to construct a county courthouse and certain City buildings, located on land contributed to the OCCCA by the County and the City. Upon completion of construction, the OCCCA leased the facilities to the County, the City and the State of California. The City took title to its City Hall facilities when it exercised an early defeasance of the corresponding revenue bonds in fiscal year 1993-94. The Authority is governed by a five-member board to which the Orange County Board of Supervisors and the Santa Ana City Council each appoint two members. These four members select the fifth member. The City and the County have contracted with the OCCCA to administer the Civic Center parking lot and the Parking/Maintenance Fund. Parking revenue is retained by the OCCCA and must be used to pay the parking lot concessionaire, to pay any taxes related to the parking lot, and to reimburse the City for the cost of maintaining the Civic Center. No provision has been made for disposition of excess funds remaining after authorized expenditures have been made.

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

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.

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan

- a. General Information about the Pension Plans:

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

The Plan's provisions and benefits in effect at June 30, 2017 are summarized as follows:

	<u>Miscellaneous</u>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52 to 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1% to 2.5%
Required employee contribution rates	8%	5.50%
Required employer contribution rates	31.15%	5.63%
	<u>Safety</u>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	9%	12.25%
Required employer contribution rates	54.44%	11.50%

Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	1,328	923
Inactive employees entitled to but not yet receiving benefits	782	179
Active employees	737	292
Total	<u>2,847</u>	<u>1,394</u>

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

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 2016-17, the rate is 5.50% (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 2016-17 rate was 54.44% for the safety employees and 31.15% for non-safety employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

b. Net Pension Liability:

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	(1)	(1)
Investment Rate of Return	7.5% ⁽²⁾	7.5% ⁽²⁾
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	
Mortality	(3)	(3)

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

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

(3) The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

There were no changes of assumptions during the measurement period June 30, 2016. Deferred inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

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

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100.00%		

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

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

Subsequent Events

In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019, and result in increases to employers' normal costs and unfunded actuarial liabilities. For the GASB Statement 68 accounting valuations, the discount rate will move straight to 7% starting with the June 30, 2017 measurement date reports and will result in an increase to employer's total pension liabilities.

c. Changes in the Net Pension Liability:

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

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015 (VD) ⁽¹⁾	\$ 779,350,207	\$ 564,823,265	\$ 214,526,942
Changes in the year:			
Service cost	9,746,396	-	9,746,396
Interest on the total pension liability	58,091,618	-	58,091,618
Differences between expected and actual experience	(5,558,589)	-	(5,558,589)
Changes in assumptions	-	-	-
Plan to Plan Resource Movement	-	497	(497)
Contribution from the employer	-	16,951,369	(16,951,369)
Contribution from the employee	-	4,876,243	(4,876,243)
Net investment income	-	2,859,074	(2,859,074)
Benefit payments, including refunds of employee contributions	(38,594,541)	(38,594,541)	-
Administrative expense	-	(344,230)	344,230
Net changes during 2015-16	\$ 23,684,884	\$ (14,251,588)	\$ 37,936,472
Balance at June 30, 2016 (MD) ⁽¹⁾	\$ 803,035,091	\$ 550,571,677	\$ 252,463,414

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015 (VD) ⁽¹⁾	\$ 1,000,725,122	\$ 749,204,222	\$ 251,520,900
Changes in the year:			
Service cost	10,455,350	-	10,455,350
Interest on the total pension liability	74,975,420	-	74,975,420
Differences between expected and actual experience	4,319,662	-	4,319,662
Changes in assumptions	-	-	-
Plan to plan Resource Movement	-	(497)	497
Contribution from the employer	-	17,021,875	(17,021,875)
Contribution from the employee	-	3,625,596	(3,625,596)
Net investment income	-	3,667,781	(3,667,781)
Benefit payments, including refunds of employee contributions	(60,403,213)	(60,403,213)	-
Administrative expense	-	(456,601)	456,601
Net changes during 2015-16	\$ 29,347,219	\$ (36,545,059)	\$ 65,892,278
Balance at June 30, 2016 (MD) ⁽¹⁾	\$ 1,030,072,341	\$ 712,659,163	\$ 317,413,178

⁽¹⁾ The table above is based on the Valuation Date (VD) June 30, 2015 and the Measurement Date (MD) of June 30, 2016.

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>		<u>Safety</u>
1% Decrease	6.65%		6.65%
Net Pension Liability	\$ 358,939,460	\$	449,072,471
Current Discount Rate	7.65%		7.65%
Net Pension Liability	\$ 252,463,414	\$	317,413,178
1% Increase	8.65%		8.65%
Net Pension Liability	\$ 164,631,669	\$	209,124,222

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

d. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

For the year ended June 30, 2017, the City recognized pension expense of \$25.0 million for safety plan and \$16.1 million for non-safety employees. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Miscellaneous Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 18,407,185	\$ -
Differences between actual and expected experience	-	3,259,255
Changes in assumptions	-	1,811,611
Net differences between projected and actual earnings on pension plan investments	<u>30,060,828</u>	<u>-</u>
Total	<u>\$ 48,468,013</u>	<u>\$ 5,070,866</u>

Safety Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 20,199,997	\$ -
Differences between actual and expected experience	2,262,680	45,511
Changes in assumptions	-	828,916
Net differences between projected and actual earnings on pension plan investments	<u>38,799,925</u>	<u>-</u>
Total	<u>\$ 61,262,602</u>	<u>\$ 874,427</u>

\$38.6 million reported as deferred outflows of resources related to contributions subsequent to the measurement date (\$18.4 million for miscellaneous plan and \$20.2 million for safety plan) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	<u>Deferred Outflows/(inflows) of Resources</u>		
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
2018	\$ (233,715)	\$ 6,185,943	\$ 5,952,228
2019	3,387,083	5,209,088	8,596,171
2020	13,923,901	18,416,896	32,340,797
2021	7,912,693	10,376,251	18,288,944
2022	-	-	-
Thereafter	-	-	-

As of June 30, 2017, the City had \$4.8 million of contributions payable to the pension plan required for the year ended June 30, 2017.

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan

a. Plan Description:

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

b. Eligibility:

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

c. Funding Policy:

The City has made available an annual amount of \$119,768 to the plan in accordance with the payment terms defined by the plan. This annual amount is subject to an annual compounding cost of living adjustment of two percent (2%) per year. For fiscal year 2016-17, the City's annual PARS contribution was \$128,357.

d. Net Pension liability:

The City's net pension liability for the supplementary plan is measured as the total pension liability, less the pension plan's fiduciary net position (unfunded accrued liability). The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2017. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan (Continued)

Actuarial Assumptions

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

Valuation Timing	Actuarially determined contribution rates are calculated as of June 30, for the fiscal year ending that June 30th.
Valuation Date	6/30/2017
Measurement Date	6/30/2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method:	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 06/30/2017	15 Years
Amortization growth rate	0.00%
Asset Valuation Method:	
Smoothing period	None
Recognition method	None
Corridor	None
Actuarial Assumptions:	
Inflation	0.00%
Projected Salary Increase	0.00%
Investment Rate of Return	6.00%
Cost of Living	2.00%
Mortality	Males: RP-2000 Male Table projected to 2020 using Scale BB (as prescribed by PARS) Females: RP-2000 Female Table projected to 2020 using Scale BB (as prescribed by PARS)

Discount Rate

The discount rate is based on the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is not projected to be sufficient. As of June 30, 2017, the plan's fiduciary net position is not projected to be sufficient in the first year of the projection.

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan (Continued)

The primary assumption in determining the sufficiency of a plan's fiduciary net position relates to expected employer contributions. As of June 30, 2017, the supplementary plan is currently not prefunded, in other words the level of contributions made are sufficient only to make current benefit payments.

Since a date of depletion is determined, the discount rate is much lower than the current 6.00% investment return assumption. After assets are expected to be depleted, projected benefit payments are discounted using the municipal bond index. The City has chosen the Bond Buyer Go 20-Bond Municipal Bond Index. The bond index decreased from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017 resulting in an increase in the single equivalent rate from 2.85% as of July 1, 2016 to 3.58% as of June 30, 2017.

The unfunded liability, referred to as the Net Pension Liability, is \$2.4 million for a funded ratio of 2.58% as of June 30, 2017.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Cash	BAML 3-Mon Tbill	100%	0.36%	0.35%
Assumed Inflation- Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			0.36%	0.35%
Portfolio Nominal Mean Return			2.67%	2.66%
Portfolio Standard Deviation				1.75%
Long-Term Expected Rate of Return				6.00%

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan (Continued)

Changes in the Net Pension Liability:

The changes in the Net Pension Liability for the POA retirees plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2016	\$ 2,683,520	\$ 61,100	\$ 2,622,420
Service cost	-	-	-
Interest on total pension liability	74,777	-	74,777
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	14,037	-	14,037
Effect of assumptions changes or inputs	(235,753)	-	(235,753)
Benefit payments	(120,371)	(120,371)	-
Employer contributions	-	128,357	(128,357)
Member contributions	-	-	-
Net investment income	-	198	(198)
Administrative expenses	-	(6,838)	6,838
Balances as of June 30, 2017	<u>\$ 2,416,210</u>	<u>\$ 62,446</u>	<u>\$ 2,353,764</u>

Sensitivity Analysis

The following presents the net pension liability of the City of Santa Ana PARS Supplementary Retirement Plan, calculated using the discount rate of 3.58%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58%) or 1 percentage point higher (4.58%) than the current rate.

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total pension liability	\$ 2,748,366	\$ 2,416,210	\$ 2,143,457
Fiduciary net position	62,446	62,446	62,446
Net pension liability	<u>\$ 2,685,920</u>	<u>\$ 2,353,764</u>	<u>\$ 2,081,011</u>

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan (Continued)

- e. Supplementary Retirement Plan Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

As of June 30, 2017, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on pension plan	6,571	-
Total	\$ <u>6,571</u>	\$ <u>-</u>

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

Period Ending <u>June 30</u>	<u>Amount</u>
2018	\$ 2,208
2019	2,206
2020	1,455
2021	702
2022	-
Thereafter*	-

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

- f. Pension Expense:

	<u>July 1, 2016 to June 30, 2017</u>
Service cost	\$ -
Interest on total pension liability	74,777
Effect of plan changes	-
Administrative expenses	6,838
Member contributions	-
Expected investment return net of investment expenses	(3,700)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	14,037
Recognition of assumption changes or inputs	(235,753)
Recognition of investment gains or losses	2,208
Pension Expense	\$ <u>(141,593)</u>

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Retirement Health Benefits

In addition to the pension benefits described above, the City provides healthcare coverage to its retiring employees as part of compensation offered for services received. The City contributed to the cost of retiree medical coverage under the California Public Employees Medical & Hospital Care Act (PEMHCA) as described below.

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

a. Plan Description:

The City provides an agent multiple-employer defined benefit healthcare plan to retirees through CalPERS under the California Public Employees Medical & Hospital Care Act (PEMHCA). The PEMHCA benefits are applied to all employee groups other than POA and City Council. Firefighters (FBA, FMA) joined PEMHCA on 1/1/98. All other employee groups (excluding POA) joined PEMHCA on 1/1/99.

b. Eligibility:

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

c. Funding Method and Funded Status:

The City selected “unequal” PEMHCA method for the contribution. Under this method, the City offered a lesser contribution for retirees than for active employees. The City paid 85% of the \$125 (\$106.25) for calendar year 2016 and 90% of the \$128 (\$115.20) for calendar year 2017 per active miscellaneous employee for PEMHCA minimum. Beginning 2008, Assembly Bill 2544 changed the computation for annual increases to annuitant health care under the unequal method. Under the new provisions, the City increases annuitant health care contribution equal an amount not less than 5 percent of active employees contribution times number of year in the PEMHCA. The annual increase in minimum PEMHCA contribution to CalPERS will continue until the time that the City contribution for retirees equals the City contribution paid for active employees. During fiscal year 2016-17, the total City’s PEMHCA contribution for retirees was \$0.6 million.

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.

The minimum CalPERS rates for PEMHCA for 2017 is \$128 monthly under the unequal contributions provision based on year entering the plan with a 4.5% increase assumptions.

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Retirement Health Benefits (Continued)

d. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The required contribution was determined as part of the June 30, 2016 actuarial valuation. The actuarial assumptions for PEMHCA included (a) 4.0% investment rate of return, not pre-funded, assets in City investment fund, (b) projected annual salary aggregate increases 3.25% and an assumed wage inflation component of 3.0%. The actuarial accrued liability (AAL) and normal cost is under the entry age normal cost 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 as follows: 7.5% in the second year, reduced by decrements of 0.5% per year to an ultimate rate of 4.5% after the eighth year and thereafter.

2. Annual OPEB Cost and Net OPEB Obligation

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

(Dollar amounts in thousands)	PMA	FBA	FMA	SEIU	SAMA	CASA	Total PEMHCA
PEMHCA							
Annual required contribution	\$ 168	\$ 219	\$ 3	\$ 1,753	\$ 266	\$ 148	\$ 2,557
Interest on net OPEB obligation	17	69	(20)	294	37	27	424
Adjustment to annual required contribution	(17)	(69)	20	(292)	(37)	(27)	(422)
Annual OPEB cost (expense)	<u>168</u>	<u>219</u>	<u>3</u>	<u>1,755</u>	<u>266</u>	<u>148</u>	<u>2,559</u>
Contribution made	(28)	(136)	-	(314)	(60)	(20)	(558)
Implicit subsidy transfer contribution	(45)	(222)	(6)	(621)	(112)	(39)	(1,045)
Increase (decrease) in net OPEB obligation	95	(139)	(3)	820	94	89	956
Net OPEB obligation - beginning of year	426	1,720	(494)	7,355	935	678	10,620
Net OPEB obligation - end of year	<u>\$ 521</u>	<u>\$ 1,581</u>	<u>\$ (497)</u>	<u>\$ 8,175</u>	<u>\$ 1,029</u>	<u>\$ 767</u>	<u>\$ 11,576</u>

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Retirement Health Benefits (Continued)

The City's annual other postemployment benefit (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

(Dollar amounts in thousands):

	Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
PMA	06/30/15	80	32.5%	392
FBA	06/30/15	193	63.7%	1,829
FMA	06/30/15	2	50.0%	59
SEIU	06/30/15	1,805	44.4%	12,096
SAMA	06/30/15	(838)	-5.6%	738
CASA	06/30/15	(794)	-1.4%	589
Total		\$ 448	43.7%	\$ 15,703
PMA	06/30/16	165	79.4%	426
FBA	06/30/16	223	148.9%	1,720
FMA	06/30/16	24	2404.2%	(494)
SEIU	06/30/16	1,676	20.0%	7,355
SAMA	06/30/16	255	22.7%	935
CASA	06/30/16	142	37.3%	678
Total		\$ 2,485	59.8%	\$ 10,620
PMA	06/30/17	168	16.7%	521
FBA	06/30/17	219	62.1%	1,581
FMA	06/30/17	3	0.0%	(497)
SEIU	06/30/17	1,753	17.9%	8,175
SAMA	06/30/17	266	22.6%	1,029
CASA	06/30/17	148	13.5%	767
Total		\$ 2,557	21.8%	\$ 11,576

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Retirement Health Benefits (Continued)

Funded Status as of June 30, 2017 was as follows (Dollar amounts in thousands):

		(a) Entry Age Normal	(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
	Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Actuarial Accrued Liability (UAAL)	(b)/(a) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL As a % of Covered Payroll
PMA	06/30/17	\$ 2,896 (1)	\$ -	\$ 2,896	0%	\$ 3,648	79.4%
FBA	06/30/17	5,722 (2)	-	5,722	0%	-	0.0%
FMA	06/30/17	76 (2)	-	76	0%	-	0.0%
SEIU	06/30/17	26,244 (4)	-	26,244	0%	32,000	82.0%
SAMA	06/30/17	4,090 (3)	-	4,090	0%	7,949	51.5%
CASA	06/30/17	1,891 (3)	-	1,891	0%	3,797	49.8%
Total		<u>\$ 40,919</u>	<u>\$ -</u>	<u>\$ 40,919</u>	<u>0%</u>	<u>\$ 47,394</u>	<u>86.3%</u>

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

H. Fund Balances and Net Position Classification

On June 6, 2017, the City Council approved the City's Budget and Financial Policies (Policy). The Policy was developed as a tool to guide for how the City should respond and/or prepare for an economic downturn. As a result, the City established both a General Fund Operating Reserve (16.67 to 20% of General Fund operating revenues or expenditures including transfers) and an Economic Uncertainty Reserve account (1 to 10% of recurring General Fund revenues) in the event of loss of revenues and/or increase in expenditures as a result of a market downturn.

Upon determination that negative variations in projected revenues from the largest revenue sources exceed 2% with no corresponding General Fund expenditure offset, the City Council may authorize use of the Economic Uncertainty Reserve by a two-thirds vote to offset the revenue loss prior to the close of the fiscal year end. A corresponding plan to replenish the reserve account must be adopted by the same vote. However, authorization to utilize the Economic Uncertainty Reserve beyond two consecutive years is strictly prohibited.

If at any point it is deemed that the City budget is performing at a budgetary structural deficit and a fiscal emergency is declared, the use of the General Fund Operating Reserve is permissible for up to two consecutive fiscal years upon approval by two-thirds of the City Council. The utilization of the Operating Reserve in year two (2) requires a plan to replenish the funds utilized.

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

For the Year Ended June 30, 2017

NOTE 4. OTHER INFORMATION (CONTINUED):

H. Fund Balances and Net Position Classification (Continued)

The City's fund balances at June 30, 2017 consisted of the following:

	Special Revenue Funds			Capital Projects Funds			Debt Service SAFA	Nonmajor Governmental Funds	Total
	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax	Capital Projects Housing Successor Agency	Capital Projects Street Construction			
Nonspendable:									
Prepaid Items	\$ 9,492	\$ -	\$ 23,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,518
Total Nonspendable	<u>9,492</u>	<u>-</u>	<u>23,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,518</u>
Restricted:									
Debt service	171,625	-	-	-	-	-	80,590	-	252,215
Public safety 800 MHz project	1,487,034	-	-	-	-	-	-	-	1,487,034
Public safety grants	-	4,257,272	-	-	-	-	-	-	4,257,272
Housing & urban development	-	3,011,374	3,366,735	-	42,404,246	-	-	7,785,698	56,568,053
Library services	-	8,111	-	-	-	-	-	-	8,111
Recreation services	-	106,358	-	-	-	-	-	-	106,358
Street capital improvement projects	-	-	-	17,220,541	-	48,344,269	-	-	65,564,810
Drainage construction	-	-	-	-	-	-	-	3,755,889	3,755,889
Inmate welfare	-	-	-	-	-	-	-	270,822	270,822
Sewer system maintenance	-	-	-	-	-	-	-	8,404,604	8,404,604
Air quality improvements	-	-	-	-	-	-	-	1,213,428	1,213,428
Park acquisition & development	-	-	-	-	-	-	-	9,497,480	9,497,480
Community development capital projects	-	-	-	-	-	-	-	7,200,478	7,200,478
Advance to private-purpose trust fund	-	-	-	-	532,601	-	-	-	532,601
Capital grants	-	-	-	-	-	-	-	6,141	6,141
Pension stability funds	500,851	-	-	-	-	-	-	-	500,851
Total restricted	<u>2,159,510</u>	<u>7,383,115</u>	<u>3,366,735</u>	<u>17,220,541</u>	<u>42,936,847</u>	<u>48,344,269</u>	<u>80,590</u>	<u>38,134,540</u>	<u>159,626,147</u>
Assigned:									
Contractual obligations	1,298,483	-	-	-	-	-	-	-	1,298,483
Surplus Allocation FY14-15:									
Equipment & system upgrades	1,944,395	-	-	-	-	-	-	-	1,944,395
Capital improvement projects	1,013,886	-	-	-	-	-	-	-	1,013,886
General Plan updates	645,631	-	-	-	-	-	-	-	645,631
Homelessness/Communications	446,679	-	-	-	-	-	-	-	446,679
City-wide placemaking & branding	226,504	-	-	-	-	-	-	-	226,504
Strategic Plan	2,228,923	-	-	-	-	-	-	-	2,228,923
Various City programs	637,516	-	-	-	-	-	-	-	637,516
Continuing projects:									
Proposition 218	164,276	-	-	-	-	-	-	-	164,276
Planning & Building receivership program	100,000	-	-	-	-	-	-	-	100,000
Greater Santa Ana Vitality	200,000	-	-	-	-	-	-	-	200,000
Legal Defense Fund	65,000	-	-	-	-	-	-	-	65,000
Safe Transit Stops project	200,000	-	-	-	-	-	-	-	200,000
SARTC Capital Project	300,000	-	-	-	-	-	-	-	300,000
Cabrillo Tennis Courts	100,000	-	-	-	-	-	-	-	100,000
Joint Use SAUSD	250,000	-	-	-	-	-	-	-	250,000
Auditing & Receivership	89,240	-	-	-	-	-	-	-	89,240
OCTA Member Agency Contribution	17,970	-	-	-	-	-	-	-	17,970
Total assigned	<u>9,928,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,928,503</u>
Unassigned:									
General Fund									
Operating Reserve	42,397,974	-	-	-	-	-	-	-	42,397,974
Economic Uncertainty Reserve	3,845,592	-	-	-	-	-	-	-	3,845,592
Unallocated Amount	16,212,275	-	-	-	-	-	-	-	16,212,275
Special Revenue Funds	-	(3,058,256)	-	-	-	-	-	(228,957)	(3,287,213)
Capital Projects Funds	-	-	-	-	-	-	-	(2,033,773)	(2,033,773)
Total unassigned	<u>62,455,841</u>	<u>(3,058,256)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,262,730)</u>	<u>57,134,855</u>
Total	<u>\$ 74,553,346</u>	<u>\$ 4,324,859</u>	<u>\$ 3,389,761</u>	<u>\$ 17,220,541</u>	<u>\$ 42,936,847</u>	<u>\$ 48,344,269</u>	<u>\$ 80,590</u>	<u>\$ 35,871,810</u>	<u>\$ 226,722,023</u>



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Required Supplementary Information

Required Supplementary
Information



General Fund
Budgetary Comparison Schedule
Year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 130,409,943	\$ 130,409,943	\$ 129,763,539	\$ (646,404)
License and permits	4,658,023	5,158,023	5,785,894	627,871
Intergovernmental	49,640,262	49,640,262	50,814,601	1,174,339
Charges for services	10,438,460	10,438,460	14,472,475	4,034,015
Fines and forfeits	4,905,856	4,905,856	5,095,647	189,791
Investment income	676,700	676,700	42,176	(634,524)
Cost recoveries and donations	13,088,999	13,238,999	11,085,462	(2,153,537)
Rental income	16,956,805	16,956,805	12,046,979	(4,909,826)
Miscellaneous	137,637	137,637	193,804	56,167
Total revenues	<u>230,912,685</u>	<u>231,562,685</u>	<u>229,300,577</u>	<u>(2,262,108)</u>
Expenditures:				
Current:				
General Government:				
City Council	377,515	377,515	383,926	(6,411)
Clerk of the Council	976,761	976,761	820,084	156,677
City Attorney	2,870,925	2,882,925	3,017,421	(134,496)
City Manager	2,270,005	3,001,841	2,720,071	281,770
Nondepartmental	9,165,596	5,696,412	5,862,916	(166,504)
Total General Government	<u>15,660,802</u>	<u>12,935,454</u>	<u>12,804,418</u>	<u>131,036</u>
Human Resources	1,405,042	1,405,042	1,277,872	127,170
Finance and Management Services	4,983,114	5,068,034	4,722,453	345,581
Museum	1,475,890	1,475,890	1,475,706	184
Library	3,647,490	3,680,644	3,656,110	24,534
Recreation and Community Services	17,200,479	17,351,012	16,248,040	1,102,972
Police Department	120,892,757	122,710,660	120,384,618	2,326,042
Fire Department	42,365,144	42,365,144	41,392,205	972,939
Planning and Building	10,517,908	11,106,917	9,706,009	1,400,908
Public Works	5,810,600	6,089,477	5,026,373	1,063,104
Community Development	1,256,175	2,020,243	1,136,506	883,737
	<u>209,554,599</u>	<u>213,273,063</u>	<u>205,025,892</u>	<u>8,247,171</u>
Capital Outlay	6,177,810	9,263,487	3,635,528	5,627,959
Debt Service:				
Principal retirement	1,312,654	1,319,413	1,005,923	313,490
Interest and fiscal charges	187,150	187,150	245,099	(57,949)
Total expenditures	<u>232,893,015</u>	<u>236,978,567</u>	<u>222,716,860</u>	<u>14,261,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,980,330)</u>	<u>(5,415,882)</u>	<u>6,583,717</u>	<u>11,999,599</u>
Other financing sources (uses):				
Transfers in	-	34,244	34,244	-
Transfers out	(13,118,845)	(13,183,725)	(11,043,845)	2,139,880
Financing proceeds	-	-	2,051,786	2,051,786
Total other financing sources (uses)	<u>(13,118,845)</u>	<u>(13,149,481)</u>	<u>(8,957,815)</u>	<u>4,191,666</u>
Net change in fund balances	<u>(15,099,175)</u>	<u>(18,565,363)</u>	<u>(2,374,098)</u>	<u>16,191,265</u>
Fund balance - beginning	<u>76,927,444</u>	<u>76,927,444</u>	<u>76,927,444</u>	<u>-</u>
Fund balance - ending	<u>\$ 61,828,269</u>	<u>\$ 58,362,081</u>	<u>\$ 74,553,346</u>	<u>\$ 16,191,265</u>

See accompanying Notes to Required Supplementary Information.

Special Revenue Housing Authority Fund
Budgetary Comparison Schedule
Year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 30,865,515	\$ 30,865,515	\$ 32,287,788	\$ 1,422,273
Investment income	17,500	17,500	35,017	17,517
Cost recoveries	-	-	243,938	243,938
Miscellaneous	85,000	85,000	277,186	192,186
Total revenues	30,968,015	30,968,015	32,843,929	1,875,914
Expenditures:				
Current:				
Community development	32,775,335	32,784,728	32,989,322	(204,594)
Total expenditures	32,775,335	32,784,728	32,989,322	(204,594)
Excess (deficiency) of revenues over (under) expenditures	(1,807,320)	(1,816,713)	(145,393)	1,671,320
Net change in fund balance	(1,807,320)	(1,816,713)	(145,393)	1,671,320
Fund balance - beginning	3,535,154	3,535,154	3,535,154	-
Fund balance - ending	\$ 1,727,834	\$ 1,718,441	\$ 3,389,761	\$ 1,671,320

See accompanying Notes to Required Supplementary Information.

**Special Revenue Gas Tax Fund
Budgetary Comparison Schedule
Year ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 6,829,360	\$ 6,829,360	\$ 6,601,023	\$ (228,337)
Investment income	-	-	(21,420)	(21,420)
Total revenues	<u>6,829,360</u>	<u>6,829,360</u>	<u>6,579,603</u>	<u>(249,757)</u>
Expenditures:				
Current:				
Public works	2,656,815	2,656,815	2,174,397	482,418
Debt Service:				
Principal retirement	1,450,000	1,450,000	1,450,000	-
Interest and fiscal charges	<u>2,723,930</u>	<u>2,723,930</u>	<u>2,723,931</u>	<u>(1)</u>
Total expenditures	<u>6,830,745</u>	<u>6,830,745</u>	<u>6,348,328</u>	<u>482,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,385)</u>	<u>(1,385)</u>	<u>231,275</u>	<u>232,660</u>
Other financing sources (uses):				
Transfers out	-	(1,211,970)	(353,778)	858,192
Total other financing sources (uses)	-	(1,211,970)	(353,778)	858,192
Net change in fund balance	(1,385)	(1,213,355)	(122,503)	1,090,852
Fund balance - beginning	<u>17,343,044</u>	<u>17,343,044</u>	<u>17,343,044</u>	-
Fund balance - ending	<u>\$ 17,341,659</u>	<u>\$ 16,129,689</u>	<u>\$ 17,220,541</u>	<u>\$ 1,090,852</u>

See accompanying Notes to Required Supplementary Information.

CITY OF SANTA ANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2017

A. BUDGETARY INFORMATION

The City and its component units' fiscal year begins on July 1 of each year and ends June 30 the following year. On or before the fifteenth of June of each year, the City Manager recommends and 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 holds a public hearing wherein the public is given an opportunity to be heard, after which the Council may make any revisions deemed advisable. After the conclusion of the public hearing, the Council may make modifications with the affirmative vote of at least a majority of its members. 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.

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

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

For the Year Ended June 30, 2017

A. BUDGETARY INFORMATION (CONTINUED):

Budgets are prepared on a modified accrual basis. Encumbrances (e.g. purchase orders, contracts) outstanding at year-end are reported as restricted or assigned fund balances since they do not constitute expenditures or liabilities. The capital projects and grant-length appropriations are an automatic supplemental appropriation for the new fiscal year for the unexpended balance. All other annual appropriations lapse at fiscal year-end to the extent that they have not been expended or lawfully encumbered. Expenditures may not legally exceed appropriations at the departmental level in the governmental funds, except that certain Special Revenue Funds and Capital Projects Funds are maintained at the project level.

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

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

For the Year Ended June 30, 2017

An Agent Multiple-Employer Defined Benefit Pension Plan
Miscellaneous and Safety Plans
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years ⁽¹⁾

	<u>Measurement Period 2015-16</u>		<u>Measurement Period 2014-15</u>		<u>Measurement Period 2013-14</u>	
	<u>Fiscal Year 2016-17</u>		<u>Fiscal Year 2015-16</u>		<u>Fiscal Year 2014-15</u>	
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>
TOTAL PENSION LIABILITY						
Service cost	\$ 9,746,396	\$ 10,455,350	\$ 9,672,344	\$ 10,747,904	\$ 10,195,939	\$ 11,422,391
Interest on the total pension liability	58,091,618	74,975,420	56,329,663	72,730,571	54,166,684	70,618,409
Changes of Benefit Terms	-	-	-	-	-	-
Differences between expected and actual experience	(5,558,589)	4,319,662	(900,398)	(955,751)	-	-
Changes in assumptions	-	-	(13,889,017)	(17,407,256)	-	-
Benefit payments, including refunds of employee contributions	<u>(38,594,541)</u>	<u>(60,403,213)</u>	<u>(36,302,165)</u>	<u>(56,211,627)</u>	<u>(34,094,639)</u>	<u>(52,174,231)</u>
Net Change in Total Pension Liability	23,684,884	29,347,219	14,910,427	8,903,841	30,267,984	29,866,569
Total Pension Liability - Beginning	<u>779,350,207</u>	<u>1,000,725,122</u>	<u>764,439,780</u>	<u>991,821,281</u>	<u>734,171,796</u>	<u>961,954,712</u>
Total Pension Liability - Ending (a)	<u>\$ 803,035,091</u>	<u>\$ 1,030,072,341</u>	<u>\$ 779,350,207</u>	<u>\$ 1,000,725,122</u>	<u>\$ 764,439,780</u>	<u>\$ 991,821,281</u>
PLAN FIDUCIARY NET POSITION						
Plan to Plan Resource Movement	\$ 497	\$ (497.00)	\$ 63	\$ -	\$ -	\$ -
Contribution from the employer	16,951,369	17,021,875	14,336,768	15,096,410	12,836,905	11,118,596
Contribution from the employee	4,876,243	3,625,596	4,982,824	3,829,695	5,076,392	3,758,344
Net investment income ⁽²⁾	2,859,074	3,667,781	12,722,834	17,008,914	85,824,721	117,187,596
Benefit payments, including refunds of employee contributions	(38,594,541)	(60,403,213)	(36,302,165)	(56,211,627)	(34,094,639)	(52,174,231)
Administrative expenses	<u>(344,230)</u>	<u>(456,601)</u>	<u>(635,613)</u>	<u>(843,530)</u>	<u>-</u>	<u>-</u>
Net change in Fiduciary Net position	(14,251,588)	(36,545,059)	(4,895,289)	(21,120,138)	69,643,379	79,890,305
Plan Fiduciary Net Position - Beginning	<u>564,823,265</u>	<u>749,204,222</u>	<u>569,718,554</u>	<u>770,324,360</u>	<u>500,075,175</u>	<u>690,434,055</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 550,571,677</u>	<u>\$ 712,659,163</u>	<u>\$ 564,823,265</u>	<u>\$ 749,204,222</u>	<u>\$ 569,718,554</u>	<u>\$ 770,324,360</u>
Plan Net Pension Liability/(Asset) Ending (a) - (b)	<u>\$ 252,463,414</u>	<u>\$ 317,413,178</u>	<u>\$ 214,526,942</u>	<u>\$ 251,520,900</u>	<u>\$ 194,721,226</u>	<u>\$ 221,496,921</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.56%	69.19%	72.47%	74.87%	74.53%	77.67%
Covered payroll	\$ 59,422,561	\$ 36,571,199	\$ 56,516,698	\$ 35,219,117	\$ 57,613,942	\$ 37,782,453
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	424.86%	867.93%	379.58%	714.16%	337.98%	586.24%

(1) Historical information is required only for measurement period for which GASB 68 is applicable. Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: From fiscal year June 30, 2015 to June 30, 2016: GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. From fiscal year June 30, 2016 to June 30, 2017, there were no changes in assumptions.

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

For the Year Ended June 30, 2017

An Agent Multiple-Employer Defined Benefit Pension Plan
Miscellaneous and Safety Plans
Schedule of Plan Contributions
Last Ten Fiscal Years ⁽¹⁾

	<u>Fiscal Year 2016-17</u>		<u>Fiscal Year 2015-16</u>		<u>Fiscal Year 2014-15</u>	
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>
Actuarially Determined Contribution	\$ 18,407,185	\$ 20,199,997	\$ 16,941,372	\$ 17,016,579	\$ 14,518,009	\$ 14,690,045
Contributions in Relation to the Actuarially Determined Contribution	<u>(18,407,185)</u>	<u>(20,199,997)</u>	<u>(16,941,372)</u>	<u>(17,016,579)</u>	<u>(14,518,009)</u>	<u>(14,690,045)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 55,377,981	\$ 41,044,548	\$ 59,422,561	\$ 36,571,199	\$ 56,516,698	\$ 35,219,117
Contributions as a Percentage of Covered Payroll	33.24%	49.21%	28.51%	46.53%	25.69%	41.71%

(1) Historical information is required only for measurement period for which GASB 68 is applicable. Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

Notes to Schedule:

	<u>Fiscal Year 2016-17</u>		<u>Fiscal Year 2015-16</u>		<u>Fiscal Year 2014-15</u>	
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:						
Discount Rate	7.65%	7.65%	7.65%	7.65%	7.50%	7.50%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Projected Salary Increase	(1)	(1)	3.3% - 14.2% ⁽¹⁾	3.3% - 14.2% ⁽¹⁾	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.5% ⁽²⁾	7.5% ⁽²⁾	7.5% ⁽²⁾	7.5% ⁽²⁾	7.5% ⁽²⁾	7.5% ⁽²⁾
Mortality	(3)	(3)	(3)	(3)	(3)	(3)

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

(2) Net of pension plan investment expenses, including inflation.

(3) Morality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board. The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 year smoothed market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017 respectively).

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

For the Year Ended June 30, 2017

**An Agent Multiple-Employer Defined Benefit
Supplementary Retirement Plan
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years ⁽¹⁾**

	Fiscal Year		
	2016-17 POA Supplementary Retirement	2015-16 POA Supplementary Retirement	2014-15 POA Supplementary Retirement
TOTAL PENSION LIABILITY			
Service cost	\$ -	\$ -	\$ -
Interest on the total pension liability	74,777	74,810	85,299
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	14,037	20,818	14,220
Effect of assumptions changes or input	(235,753)	558,088	118,428
Benefit payments	(120,371)	(118,011)	(115,697)
Net Change in Total Pension Liability	(267,310)	535,705	102,250
Total Pension Liability - Beginning	2,683,520	2,147,815	2,045,565
Total Pension Liability - Ending (a)	\$ <u>2,416,210</u>	\$ <u>2,683,520</u>	\$ <u>2,147,815</u>
PLAN FIDUCIARY NET POSITION			
Employer Contributions	128,357	125,840	123,373
Member Contributions	-	-	-
Net investment income net of investment expenses	198	42	-
Benefit payments	(120,371)	(118,011)	(115,697)
Administrative expenses	(6,838)	(13,132)	(148)
Net change in Fiduciary Net position	1,346	(5,261)	7,528
Plan Fiduciary Net Position - Beginning	61,100	66,361	58,833
Plan Fiduciary Net Position - Ending (b)	\$ <u>62,446</u>	\$ <u>61,100</u>	\$ <u>66,361</u>
Plan Net Pension Liability/(Asset) Ending (a) - (b)	\$ <u>2,353,764</u>	\$ <u>2,622,420</u>	\$ <u>2,081,454</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.58%	2.28%	3.09%
Covered Payroll	N/A	N/A	N/A
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A

(1) Historical information is required only for measurement period for which GASB 68 is applicable.
Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

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

For the Year Ended June 30, 2017

**An Agent Multiple-Employer Defined Benefit
Supplementary Retirement Plan
Schedule of Employer Contributions
Last Ten Fiscal Years ⁽¹⁾**

Fiscal Year ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2012	\$ 135,306	\$ 123,769	\$ 11,537	N/A	N/A
2013	138,795	121,517	17,278	N/A	N/A
2014	142,599	120,954	21,645	N/A	N/A
2015	146,195	123,373	22,822	N/A	N/A
2016	165,862	125,840	40,022	N/A	N/A
2017	172,079	128,357	43,722	N/A	N/A

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

Note to Supplementary Retirement Plan:

	Fiscal Year 2016-17	POA Supplementary Retirement Plan Fiscal Year 2015-16	Fiscal Year 2014-15
Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal
Amortization Method:			
Level percent or level dollar	Level dollar	Level dollar	Level dollar
Closed, open, or layered periods	Closed	Closed	Closed
Amortization period	15 years	16 years	17 years
Amortization growth rate	0.00%	0.00%	0.00%
Asset Valuation Method:			
Smoothing period	None	None	None
Recognition method	None	None	None
Corridor	None	None	None
Actuarial Assumptions			
Inflation	0.00%	0.00%	0.00%
Salary increases including inflation	None	None	None
Long-term investment rate of return	6.00%	6.00%	6.00%
Cost of Living	2.00%	2.00%	2.00%
Mortality	Males: RP-2000 Male Table projected to 2020 using Scale BB (as prescribed by PARS) Females: RP-2000 Female Table projected to 2020 using Scale BB (as prescribed by PARS)	Males: RP-2000 Male Table projected to 2020 using Scale BB (as prescribed by PARS) Females: RP-2000 Female Table projected to 2020 using Scale BB (as prescribed by PARS)	Males: 1983 GAM Males (as prescribed by PARS) Females: 1983 GAM Females (as prescribed by PARS)

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

For the Year Ended June 30, 2017

**Required Supplementary Information
OPEB Schedule of Funding Progress
June 30, 2017**

		(a) Entry Age Normal Actuarial Accrued Liability (AAL)	(b) Actuarial Value of Assets	(a) -(b) =(c) Unfunded Actuarial Accrued Liability (UAAL)	(b)/(a) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL As a % of Covered Payroll
PMA	06/30/15	1,535,258	-	1,535,258	0%	2,670,925	57.5%
FBA	06/30/15	5,171,573	-	5,171,573	0%	-	0.0%
SEIU	06/30/15	29,116,907	-	29,116,907	0%	28,915,118	100.7%
FMA	06/30/15	44,514	-	44,514	0%	-	0.0%
SAMA	06/30/15	2,464,891	-	2,464,891	0%	4,354,825	56.6%
CASA	06/30/15	1,012,257	-	1,012,257	0%	3,258,644	31.1%
Total		\$ 39,345,400	-	\$ 39,345,400	0%	\$ 39,199,512	100.4%
PMA	06/30/16	2,779,369	-	2,779,369	0%	3,532,888	78.7%
FBA	06/30/16	5,489,443	-	5,489,443	0%	-	0.0%
SEIU	06/30/16	25,221,825	-	25,221,825	0%	30,992,378	81.4%
FMA	06/30/16	51,071	-	51,071	0%	-	0.0%
SAMA	06/30/16	3,930,709	-	3,930,709	0%	7,699,254	51.1%
CASA	06/30/16	1,815,730	-	1,815,730	0%	3,677,703	49.4%
Total		\$ 39,288,147	-	\$ 39,288,147	0%	\$ 45,902,223	85.6%
PMA	06/30/17	2,895,792	-	2,895,792	0%	3,647,707	79.4%
FBA	06/30/17	5,722,314	-	5,722,314	0%	-	0.0%
SEIU	06/30/17	26,244,110	-	26,244,110	0%	31,999,630	82.0%
FMA	06/30/17	76,154	-	76,154	0%	-	0.0%
SAMA	06/30/17	4,090,270	-	4,090,270	0%	7,949,480	51.5%
CASA	06/30/17	1,890,462	-	1,890,462	0%	3,797,228	49.8%
Total		\$ 40,919,102	-	\$ 40,919,102	0%	\$ 47,394,045	86.3%

CITY OF SANTA ANA, CALIFORNIA

Supplementary Schedules



**Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017**

	Special Revenue Funds	Capital Projects Funds	Total
Assets			
Cash and investments	\$ 9,895,650	\$ 25,812,650	\$ 35,708,300
Receivables:			
Interest	26,499	56,408	82,907
Intergovernmental	940,781	3,518,277	4,459,058
Due from other funds	-	41,732	41,732
Restricted assets:			
Cash and investments	-	2,515,560	2,515,560
 Total assets	 <u>10,862,930</u>	 <u>\$ 31,944,627</u>	 <u>42,807,557</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities:			
Accounts payable	175,765	1,063,035	1,238,800
Retention payable	67,607	95,280	162,887
Due to other funds	384,320	2,560,888	2,945,208
 Total liabilities	 <u>627,692</u>	 <u>3,719,203</u>	 <u>4,346,895</u>
 Deferred inflows of resources:			
Unavailable revenues	<u>575,341</u>	<u>2,013,511</u>	<u>2,588,852</u>
 Fund balances:			
Restricted	9,888,854	28,245,686	38,134,540
Unassigned	<u>(228,957)</u>	<u>(2,033,773)</u>	<u>(2,262,730)</u>
 Total fund balances	 <u>9,659,897</u>	 <u>26,211,913</u>	 <u>35,871,810</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 10,862,930</u>	 <u>\$ 31,944,627</u>	 <u>\$ 42,807,557</u>

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Taxes	\$ -	\$ 237,669	\$ 237,669
Intergovernmental	4,443,559	3,062,790	7,506,349
Charges for services	1,091,308	-	1,091,308
Investment income	40,601	191,642	232,243
Cost recoveries	275,818	2,262,266	2,538,084
Payment of bond proceeds from successor agency	-	2,515,560	2,515,560
Miscellaneous	-	2,424,398	2,424,398
Total revenues	<u>5,851,286</u>	<u>10,694,325</u>	<u>16,545,611</u>
Expenditures:			
Current:			
Human resources	133,996	-	133,996
Finance and management services	60,000	-	60,000
Recreation and community services	2,717,116	86,037	2,803,153
Police department	2,151,903	-	2,151,903
Planning and building	58,967	-	58,967
Public works	-	266,200	266,200
Community development	-	192,656	192,656
Capital outlay	<u>1,680,083</u>	<u>4,959,386</u>	<u>6,639,469</u>
Total expenditures	<u>6,802,065</u>	<u>5,504,279</u>	<u>12,306,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(950,779)</u>	<u>5,190,046</u>	<u>4,239,267</u>
Other financing sources:			
Transfers in	<u>1,464,345</u>	<u>-</u>	<u>1,464,345</u>
Total other financing sources	<u>1,464,345</u>	<u>-</u>	<u>1,464,345</u>
Net change in fund balances	513,566	5,190,046	5,703,612
Fund balances - beginning	<u>9,146,331</u>	<u>21,021,867</u>	<u>30,168,198</u>
Fund balances - ending	<u>\$ 9,659,897</u>	<u>\$ 26,211,913</u>	<u>\$ 35,871,810</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, 2017**

	Sewer Connection Fee	Civic Center Maintenance
Assets		
Cash and investments	\$ 8,513,400	\$ -
Receivables:		
Interest	22,783	-
Intergovernmental	-	829,462
Total assets	8,536,183	829,462
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	55,197	108,964
Retention payable	67,607	-
Due to other funds	-	384,320
Total liabilities	122,804	493,284
Deferred inflows of resources:		
Unavailable revenues	8,775	565,135
Fund balances (deficit):		
Restricted	8,404,604	-
Unassigned	-	(228,957)
Total fund balances (deficit)	8,404,604	(228,957)
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,536,183	\$ 829,462

NONMAJOR SPECIAL REVENUE FUNDS

	Air Quality Improvement	Total
Inmate Welfare		
\$ 275,815	\$ 1,106,435	\$ 9,895,650
738	2,978	26,499
-	111,319	940,781
276,553	1,220,732	10,862,930
5,447	6,157	175,765
-	-	67,607
-	-	384,320
5,447	6,157	627,692
284	1,147	575,341
270,822	1,213,428	9,888,854
-	-	(228,957)
270,822	1,213,428	9,659,897
\$ 276,553	\$ 1,220,732	\$ 10,862,930

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2017

	Sewer Connection Fee	Civic Center Maintenance	Inmate Welfare	Air Quality Improvement	Total
Revenues:					
Intergovernmental	\$ -	\$ 3,605,931	\$ -	\$ 837,628	\$ 4,443,559
Charges for services	1,091,308	-	-	-	1,091,308
Investment income	29,788	-	2,460	8,353	40,601
Cost recoveries	-	-	272,918	2,900	275,818
Total revenues	<u>1,121,096</u>	<u>3,605,931</u>	<u>275,378</u>	<u>848,881</u>	<u>5,851,286</u>
Expenditures:					
Current:					
Human resources	-	-	-	133,996	133,996
Finance and management services	-	-	-	60,000	60,000
Recreation and community services	-	2,717,116	-	-	2,717,116
Police department	-	2,030,476	121,427	-	2,151,903
Planning and building	-	-	-	58,967	58,967
Capital Outlay	<u>1,680,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,680,083</u>
Total expenditures	<u>1,680,083</u>	<u>4,747,592</u>	<u>121,427</u>	<u>252,963</u>	<u>6,802,065</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(558,987)</u>	<u>(1,141,661)</u>	<u>153,951</u>	<u>595,918</u>	<u>(950,779)</u>
Other financing sources:					
Transfers in	<u>-</u>	<u>1,464,345</u>	<u>-</u>	<u>-</u>	<u>1,464,345</u>
Total other financing sources	<u>-</u>	<u>1,464,345</u>	<u>-</u>	<u>-</u>	<u>1,464,345</u>
Net change in fund balances	(558,987)	322,684	153,951	595,918	513,566
Fund balances (deficit) - beginning	<u>8,963,591</u>	<u>(551,641)</u>	<u>116,871</u>	<u>617,510</u>	<u>9,146,331</u>
Fund balances (deficit) - ending	<u>\$ 8,404,604</u>	<u>\$ (228,957)</u>	<u>\$ 270,822</u>	<u>\$ 1,213,428</u>	<u>\$ 9,659,897</u>

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds
Sewer Connection Fee
Budgetary Comparison Schedule
Year ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 200,000	\$ 200,000	\$ 1,091,308	\$ 891,308
Investment income	40,000	40,000	29,788	(10,212)
Total revenues	240,000	240,000	1,121,096	881,096
Expenditures:				
Current:				
Capital Outlay	1,500,000	3,447,056	1,680,083	1,766,973
Total expenditures	1,500,000	3,447,056	1,680,083	1,766,973
Excess (deficiency) of revenues over (under) expenditures	(1,260,000)	(3,207,056)	(558,987)	2,648,069
Net change in fund balance	(1,260,000)	(3,207,056)	(558,987)	2,648,069
Fund balance - beginning	8,963,591	8,963,591	8,963,591	-
Fund balance - ending	\$ 7,703,591	\$ 5,756,535	\$ 8,404,604	\$ 2,648,069

Nonmajor Special Revenue Funds
Civic Center Maintenance
Budgetary Comparison Schedule
Year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 4,219,185	\$ 4,219,185	\$ 3,605,931	\$ (613,254)
Total revenues	4,219,185	4,219,185	3,605,931	(613,254)
Expenditures:				
Current:				
Recreation and community services	4,151,925	4,163,792	2,717,116	1,446,676
Police department	1,531,605	1,531,605	2,030,476	(498,871)
Total expenditures	5,683,530	5,695,397	4,747,592	947,805
Excess (deficiency) of revenues over (under) expenditures	(1,464,345)	(1,476,212)	(1,141,661)	334,551
Other financing sources:				
Transfers in	1,464,345	1,464,345	1,464,345	-
Total other financing sources	1,464,345	1,464,345	1,464,345	-
Net change in fund balance	-	(11,867)	322,684	334,551
Fund balance - beginning	(551,641)	(551,641)	(551,641)	-
Fund balance (deficit) - ending	\$ (551,641)	\$ (563,508)	\$ (228,957)	\$ 334,551

NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor Special Revenue Funds
Inmate Welfare
Budgetary Comparison Schedule
Year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 2,460	\$ 2,460
Cost recoveries	268,800	268,800	272,918	4,118
Total revenues	268,800	268,800	275,378	6,578
Expenditures:				
Current:				
Police department	379,745	386,238	121,427	264,811
Total expenditures	379,745	386,238	121,427	264,811
Excess (deficiency) of revenues over (under) expenditures	(110,945)	(117,438)	153,951	271,389
Net change in fund balance	(110,945)	(117,438)	153,951	271,389
Fund balance - beginning	116,871	116,871	116,871	-
Fund balance (deficit) - ending	\$ 5,926	\$ (567)	\$ 270,822	\$ 271,389

CITY OF SANTA ANA

**Nonmajor Special Revenue Funds
Air Quality Improvement
Budgetary Comparison Schedule
Year ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,229,500	\$ 1,229,500	\$ 837,628	\$ (391,872)
Investment income	300	300	8,353	8,053
Cost recoveries	1,850	1,850	2,900	1,050
Total revenues	1,231,650	1,231,650	848,881	(382,769)
Expenditures:				
Current:				
Human resources	319,025	319,025	133,996	185,029
Finance and management services	117,000	117,000	60,000	57,000
Planning and building	328,525	328,525	58,967	269,558
Capital Outlay	1,074,000	1,074,000	-	1,074,000
Total expenditures	1,838,550	1,838,550	252,963	1,585,587
Excess (deficiency) of revenues over (under) expenditures	(606,900)	(606,900)	595,918	1,202,818
Net change in fund balance	(606,900)	(606,900)	595,918	1,202,818
Fund balance - beginning	617,510	617,510	617,510	-
Fund balance (deficit) - ending	\$ 10,610	\$ 10,610	\$ 1,213,428	\$ 1,202,818

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.

Community Development – This fund accounts for the receipts and expenditures related to various Community Development capital improvement projects funded through one-time revenue sources.

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, 2017**

	Capital Grants	Drainage Construction
Assets		
Cash and investments	\$ 22,246	\$ 3,761,188
Receivables:		
Interest	44	9,933
Intergovernmental	3,518,277	-
Due from other funds	41,732	-
Restricted assets:		
Cash and investments	-	-
Total assets	<u>3,582,299</u>	<u>3,771,121</u>
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	974,170	11,406
Retention payable	83,071	-
Due to other funds	2,560,888	-
Total liabilities	<u>3,618,129</u>	<u>11,406</u>
Deferred inflows of resources:		
Unavailable revenues	<u>1,991,802</u>	<u>3,826</u>
Fund balances (deficit):		
Restricted	6,141	3,755,889
Unassigned	<u>(2,033,773)</u>	<u>-</u>
Total fund balances (deficit)	<u>(2,027,632)</u>	<u>3,755,889</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,582,299</u>	<u>\$ 3,771,121</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Community Development	Inclusionary Housing Fee	Total
\$ 9,565,763	\$ 4,684,918	\$ 7,778,535	\$ 25,812,650
25,268	-	21,163	56,408
-	-	-	3,518,277
-	-	-	41,732
-	2,515,560	-	2,515,560
<u>9,591,031</u>	<u>7,200,478</u>	<u>7,799,698</u>	<u>31,944,627</u>
71,610	-	5,849	1,063,035
12,209	-	-	95,280
-	-	-	2,560,888
<u>83,819</u>	<u>-</u>	<u>5,849</u>	<u>3,719,203</u>
9,732	-	8,151	2,013,511
9,497,480	7,200,478	7,785,698	28,245,686
-	-	-	(2,033,773)
<u>9,497,480</u>	<u>7,200,478</u>	<u>7,785,698</u>	<u>26,211,913</u>
<u>\$ 9,591,031</u>	<u>\$ 7,200,478</u>	<u>\$ 7,799,698</u>	<u>\$ 31,944,627</u>

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2017

	Capital Grants	Drainage Construction
Revenues:		
Taxes	\$ -	\$ 237,669
Intergovernmental	3,062,790	-
Investment income	165	37,524
Cost recoveries	-	-
Payment of bond proceeds from successor agency	-	-
Miscellaneous	-	-
Total revenues	3,062,955	275,193
Expenditures:		
Current:		
Recreation and community services	18,133	-
Public Works	161,220	104,980
Community development	-	-
Capital outlay	4,023,332	-
Total expenditures	4,202,685	104,980
Net change in fund balances	(1,139,730)	170,213
Fund balances (deficit) - beginning	(887,902)	3,585,676
Fund balances (deficit) - ending	\$ (2,027,632)	\$ 3,755,889

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Community Development	Inclusionary Housing Fee	Total
\$ -	\$ -	\$ -	237,669
-	-	-	3,062,790
85,944	-	68,009	191,642
2,260,266	-	2,000	2,262,266
-	2,515,560	-	2,515,560
-	-	2,424,398	2,424,398
<u>2,346,210</u>	<u>2,515,560</u>	<u>2,494,407</u>	<u>10,694,325</u>
67,904	-	-	86,037
-	-	-	266,200
-	7,664	184,992	192,656
936,054	-	-	4,959,386
<u>1,003,958</u>	<u>7,664</u>	<u>184,992</u>	<u>5,504,279</u>
<u>1,342,252</u>	<u>2,507,896</u>	<u>2,309,415</u>	<u>5,190,046</u>
<u>8,155,228</u>	<u>4,692,582</u>	<u>5,476,283</u>	<u>21,021,867</u>
<u>\$ 9,497,480</u>	<u>\$ 7,200,478</u>	<u>\$ 7,785,698</u>	<u>\$ 26,211,913</u>



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

Nonmajor Enterprise Funds

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

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

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

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

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, 2017**

	<u>Refuse Collections</u>
Assets:	
Current assets:	
Cash and investments	\$ 8,372,132
Receivables:	
Interest	21,532
Accounts, net of allowances	1,698,496
Total current assets	<u>10,092,160</u>
Noncurrent assets:	
Capital assets:	
Land	-
Buildings	-
Improvements other than buildings	-
Equipment	32,137
Parking structures	-
Construction in progress	-
Other assets	
Less accumulated depreciation	(2,142)
Total capital assets	<u>29,995</u>
Total noncurrent assets	<u>29,995</u>
Total assets	<u>10,122,155</u>
Deferred outflows of resources:	
Deferred amounts on pension plans	105,110
Total deferred outflows of resources	<u>105,110</u>
Liabilities:	
Current liabilities:	
Accounts payable	182,466
Retention payable	-
Due to other funds	-
Compensated absences payable	-
Grant advances	423,346
Deposits payable	-
Unearned revenue	-
Total current liabilities	<u>605,812</u>
Noncurrent liabilities:	
Compensated absences payable	-
Postemployment benefits obligation	29,355
Net pension liability	547,494
Total noncurrent liabilities	<u>576,849</u>
Total liabilities	<u>1,182,661</u>
Deferred inflows of resources:	
Deferred amounts on pension plans	10,996
Net position:	
Net investment in capital assets	29,995
Restricted for:	
National Pollution Discharge Elimination System	-
Unrestricted	9,003,613
Total net position	<u>\$ 9,033,608</u>

NONMAJOR ENTERPRISE FUNDS

Transportation Center	Federal Clean Water Protection	Total
\$ -	\$ 7,356,462	\$ 15,728,594
-	19,260	40,792
-	65,220	1,763,716
-	7,440,942	17,533,102
3,792,491	-	3,792,491
8,607,909	-	8,607,909
3,649,549	547,015	4,196,564
-	-	32,137
4,817,296	-	4,817,296
-	2,058,535	2,058,535
(11,791,370)	(243,878)	(12,037,390)
9,075,875	2,361,672	11,467,542
9,075,875	2,361,672	11,467,542
9,075,875	9,802,614	29,000,644
-	450,910	556,020
-	450,910	556,020
26,344	640,017	848,827
-	50,547	50,547
316,896	-	316,896
-	9,484	9,484
-	-	423,346
11,000	-	11,000
-	2,077,513	2,077,513
354,240	2,777,561	3,737,613
-	28,453	28,453
1,574	92,986	123,915
-	2,348,749	2,896,243
1,574	2,470,188	3,048,611
355,814	5,247,749	6,786,224
-	47,176	58,172
9,075,875	2,311,125	11,416,995
-	2,647,474	2,647,474
(355,814)	-	8,647,799
\$ 8,720,061	\$ 4,958,599	\$ 22,712,268

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2017

	<u>Refuse Collections</u>
Operating revenues:	
Charges for services	\$ 18,984,713
Miscellaneous	-
	<hr/>
Total operating revenues	18,984,713
	<hr/>
Operating expenses:	
Personnel services	242,111
Contractual services	8,662,579
Materials and supplies	3,230
Administrative charges	7,942,551
Depreciation	2,142
	<hr/>
Total operating expenses	16,852,613
	<hr/>
Operating income (loss)	2,132,100
	<hr/>
Nonoperating revenues (expenses):	
Investment earnings	83,779
	<hr/>
Total nonoperating revenues (expenses)	83,779
	<hr/>
Income (loss) before transfers	2,215,879
Capital contributions	-
Transfers in	-
Transfers out	(789,179)
	<hr/>
Change in net position	1,426,700
	<hr/>
Net position - beginning	7,606,908
	<hr/>
Net position - ending	\$ 9,033,608
	<hr/> <hr/>

NONMAJOR ENTERPRISE FUND

Transportation Center	Federal Clean Water Protection	Total
\$ 593,118	\$ 507,967	\$ 20,085,798
8,770	-	8,770
601,888	507,967	20,094,568
-	780,544	1,022,655
689,608	1,266,738	10,618,925
10,001	3,838	17,069
67,249	294,234	8,304,034
430,262	27,351	459,755
1,197,120	2,372,705	20,422,438
(595,232)	(1,864,738)	(327,870)
-	79,171	162,950
-	79,171	162,950
(595,232)	(1,785,567)	(164,920)
-	1,217,487	1,217,487
-	2,287,165	2,287,165
-	-	(789,179)
(595,232)	1,719,085	2,550,553
9,315,293	3,239,514	20,161,715
\$ 8,720,061	\$ 4,958,599	\$ 22,712,268

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2017

	<u>Refuse Collections</u>
Cash flows from operating activities:	
Receipts from customers	\$ 19,309,910
Receipts from other operating sources	-
Payments to suppliers for goods and services	(16,506,216)
Payments to employees	<u>(239,793)</u>
Net cash provided (used) by operating activities	<u>2,563,901</u>
Cash flows from noncapital financing activities:	
Transfer in	-
Transfer out	<u>(789,179)</u>
Net cash provided (used) by noncapital financing activities	<u>(789,179)</u>
Cash flows from capital and related financing activities:	
Capital contribution	-
Acquisition of capital assets	<u>(5,145)</u>
Net cash used by capital and related financing activities	<u>(5,145)</u>
Cash flows from investing activities:	
Interest received	<u>72,857</u>
Net cash provided by investing activities	<u>72,857</u>
Net increase (decrease) in cash and cash equivalents	1,842,434
Cash and cash equivalents - beginning	<u>6,529,698</u>
Cash and cash equivalents - ending	<u>\$ 8,372,132</u>

Transportation Center	Federal Clean Water Protection	Total
\$ 611,740	\$ 589,086	\$ 20,510,736
186,063	2,077,513	2,263,576
(797,803)	(1,190,200)	(18,494,219)
-	(760,999)	(1,000,792)
-	715,400	3,279,301
-	2,287,165	2,287,165
-	-	(789,179)
-	2,287,165	1,497,986
-	1,217,487	1,217,487
-	(2,006,506)	(2,011,651)
-	(789,019)	(794,164)
-	69,321	142,178
-	69,321	142,178
-	2,282,867	4,125,301
-	5,073,595	11,603,293
\$ -	\$ 7,356,462	\$ 15,728,594

Continued

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2017

	<u>Refuse Collections</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 2,132,100
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	2,142
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	325,197
Decrease (increase) in deferred outflows from pension	(68,367)
Increase (decrease) in accounts payable	145,733
Increase (decrease) in unearned revenue	-
Increase (decrease) in compensated absences payable	-
Increase (decrease) in grant advances	(41,447)
Increase (decrease) in postemployment benefits obligation	5,098
Increase (decrease) in net pension liability	82,270
Increase (decrease) in deferred inflows from pension	(18,825)
Net cash provided (used) by operating activities	\$ <u><u>2,563,901</u></u>

Transportation Center	Federal Clean Water Protection	Total
\$ (595,232)	\$ (1,864,738)	\$ (327,870)
430,262	27,351	459,755
18,622	81,119	424,938
-	(293,299)	(361,666)
146,348	374,610	666,691
-	2,077,513	2,077,513
-	27,950	27,950
-	-	(41,447)
-	12,705	17,803
-	352,935	435,205
-	(80,746)	(99,571)
<u>\$ -</u>	<u>\$ 715,400</u>	<u>\$ 3,279,301</u>



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

Internal Service Funds

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

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

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

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

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

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

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

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

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

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

Internal Service Funds
Combining Statement of Net Position
June 30, 2017

	Central Services	Building Maintenance
Assets:		
Current assets:		
Cash and investments	\$ 519,118	\$ 2,810,381
Receivables:		
Interest	1,336	8,156
Accounts, net of allowances	-	-
Due from other funds	-	-
Inventory of supplies	19,960	-
Total current assets	<u>540,414</u>	<u>2,818,537</u>
Noncurrent assets:		
Advances to other funds	-	-
Restricted cash and investments	-	-
Capital assets:		
Improvements other than buildings	-	602,886
Equipment	504,333	21,104
Construction in progress	-	-
Computer software	-	-
Less accumulated depreciation	(260,624)	(623,990)
Total noncurrent assets	<u>243,709</u>	<u>-</u>
Total assets	<u>784,123</u>	<u>2,818,537</u>
Deferred outflows of resources:		
Deferred amounts on pension plans	112,406	792,569
Total deferred outflows of resources	<u>112,406</u>	<u>792,569</u>
Liabilities:		
Current liabilities:		
Accounts payable	11,485	133,225
Due to other governmental agencies	-	-
Compensated absences payable	9,845	39,827
Claims payable	-	-
Capital lease payable	160,979	-
Total current liabilities	<u>182,309</u>	<u>173,052</u>
Noncurrent liabilities:		
Compensated absences payable	29,533	119,480
Claims payable	-	-
Capital lease payable	69,360	-
Postemployment benefits obligation	26,122	157,139
Net pension liability	585,529	4,128,371
Total noncurrent liabilities	<u>710,544</u>	<u>4,404,990</u>
Total liabilities	<u>892,853</u>	<u>4,578,042</u>
Deferred inflows of resources:		
Deferred amounts on pension plans	11,761	82,920
Net position:		
Net investment in capital assets	13,370	-
Unrestricted	(21,455)	(1,049,856)
Total net position (deficit)	<u>\$ (8,085)</u>	<u>\$ (1,049,856)</u>

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 4,985,983	\$ 177,920	\$ 37,021,632	\$ 9,922,239	\$ 54,933	\$ 3,147,095
11,978	111	107,840	27,343	177	10,209
27,755	-	-	-	-	-
-	-	3,262,104	-	-	-
72,955	610,006	-	-	-	-
<u>5,098,671</u>	<u>788,037</u>	<u>40,391,576</u>	<u>9,949,582</u>	<u>55,110</u>	<u>3,157,304</u>
-	-	2,336,000	-	-	-
-	-	244,818	-	-	-
-	-	-	-	256,131	-
17,284,257	-	15,754	2,862,777	68,201	320,829
838,184	-	-	-	-	-
-	-	-	6,493,843	-	-
<u>(14,877,128)</u>	<u>-</u>	<u>(15,754)</u>	<u>(5,944,522)</u>	<u>(156,246)</u>	<u>(286,175)</u>
<u>3,245,313</u>	<u>-</u>	<u>2,580,818</u>	<u>3,412,098</u>	<u>168,086</u>	<u>34,654</u>
<u>8,343,984</u>	<u>788,037</u>	<u>42,972,394</u>	<u>13,361,680</u>	<u>223,196</u>	<u>3,191,958</u>
<u>1,487,237</u>	<u>97,874</u>	<u>1,269,783</u>	<u>1,387,300</u>	<u>13,445</u>	<u>3,493,471</u>
<u>1,487,237</u>	<u>97,874</u>	<u>1,269,783</u>	<u>1,387,300</u>	<u>13,445</u>	<u>3,493,471</u>
220,197	150,244	252,473	278,629	2,289	61,780
-	-	171,688	-	-	-
85,186	27,365	73,697	78,638	-	260,908
-	-	7,350,000	-	-	-
-	-	-	-	-	-
<u>305,383</u>	<u>177,609</u>	<u>7,847,858</u>	<u>357,267</u>	<u>2,289</u>	<u>322,688</u>
255,558	82,096	221,091	235,914	-	782,723
-	-	27,934,334	-	-	-
-	-	-	-	-	-
326,902	3,684	228,883	240,493	1,509	959,231
<u>7,746,916</u>	<u>509,810</u>	<u>8,933,670</u>	<u>7,226,338</u>	<u>70,011</u>	<u>18,196,977</u>
<u>8,329,376</u>	<u>595,590</u>	<u>37,317,978</u>	<u>7,702,745</u>	<u>71,520</u>	<u>19,938,931</u>
<u>8,634,759</u>	<u>773,199</u>	<u>45,165,836</u>	<u>8,060,012</u>	<u>73,809</u>	<u>20,261,619</u>
<u>155,600</u>	<u>10,241</u>	<u>132,161</u>	<u>145,145</u>	<u>1,406</u>	<u>365,495</u>
3,245,313	-	-	3,412,098	168,086	34,654
<u>(2,204,451)</u>	<u>102,471</u>	<u>(1,055,820)</u>	<u>3,131,725</u>	<u>(6,660)</u>	<u>(13,976,339)</u>
<u>\$ 1,040,862</u>	<u>\$ 102,471</u>	<u>\$ (1,055,820)</u>	<u>\$ 6,543,823</u>	<u>\$ 161,426</u>	<u>\$ (13,941,685)</u>

Continued

Internal Service Funds
Combining Statement of Net Position
June 30, 2017

	Quality Service Training	Total
Assets:		
Current assets:		
Cash and investments	\$ 414,228	\$ 59,053,529
Receivables:		
Interest	1,119	168,269
Accounts, net of allowances	-	27,755
Due from other funds	-	3,262,104
Inventory of supplies	-	702,921
Total current assets	<u>415,347</u>	<u>63,214,578</u>
Noncurrent assets:		
Advances to other funds	-	2,336,000
Restricted cash and investments	-	244,818
Capital assets:		
Improvements other than buildings	-	859,017
Equipment	-	21,077,255
Construction in progress	-	838,184
Computer software	-	6,493,843
Less accumulated depreciation	-	(22,164,439)
Total noncurrent assets	<u>-</u>	<u>9,684,678</u>
Total assets	<u>415,347</u>	<u>72,899,256</u>
Deferred outflows of resources:		
Deferred amounts on pension plans	-	8,654,085
	<u>-</u>	<u>8,654,085</u>
Liabilities:		
Current liabilities:		
Accounts payable	-	1,110,322
Due to other governmental agencies	-	171,688
Compensated absences payable	-	575,466
Claims payable	-	7,350,000
Capital lease payable	-	160,979
Total current liabilities	<u>-</u>	<u>9,368,455</u>
Noncurrent liabilities:		
Compensated absences payable	-	1,726,395
Claims payable	-	27,934,334
Capital lease payable	-	69,360
Postemployment benefits obligation	-	1,943,963
Net pension liability	-	47,397,622
Total noncurrent liabilities	<u>-</u>	<u>79,071,674</u>
Total liabilities	<u>-</u>	<u>88,440,129</u>
Deferred inflows of resources:		
Deferred amounts on pension plans	-	904,729
	<u>-</u>	<u>904,729</u>
Net position:		
Net investment in capital assets	-	6,873,521
Unrestricted	415,347	(14,665,038)
Total net position (deficit)	<u>\$ 415,347</u>	<u>\$ (7,791,517)</u>



CITY OF SANTA ANA, CALIFORNIA
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Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2017

	Central Services	Building Maintenance
Operating revenues:		
Charges for services	\$ 835,711	\$ 3,894,536
Miscellaneous	-	-
Total operating revenues	<u>835,711</u>	<u>3,894,536</u>
Operating expenses:		
Personnel services	257,837	1,698,867
Contractual services	175,553	1,630,887
Materials and supplies	210,379	154,808
Administrative charges	127,225	190,129
Insurance	-	-
Provision for self-insured losses	-	-
Depreciation	160,127	-
Total operating expenses	<u>931,121</u>	<u>3,674,691</u>
Operating income (loss)	<u>(95,410)</u>	<u>219,845</u>
Nonoperating revenues (expenses):		
Net decrease in the fair value of investment	-	-
Investment earnings	5,419	32,856
Interest expense	(13,400)	-
Gain (loss) on disposal of capital assets	-	-
Total nonoperating revenues (expenses)	<u>(7,981)</u>	<u>32,856</u>
Income (loss) before transfers	(103,391)	252,701
Transfers in	-	-
Transfers out	-	-
Change in net position	<u>(103,391)</u>	<u>252,701</u>
Net position (deficit) - beginning	<u>95,306</u>	<u>(1,302,557)</u>
Net position (deficit) - ending	<u>\$ (8,085)</u>	<u>\$ (1,049,856)</u>

INTERNAL SERVICE FUNDS

Page 2 of 3

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 4,630,510	\$ 1,390,837	\$ 33,072,796	\$ 7,264,280	\$ 1,099,105	\$ 12,347,260
330,103	55,082	195,477	-	-	5,403
4,960,613	1,445,919	33,268,273	7,264,280	1,099,105	12,352,663
2,536,857	377,072	-	2,377,518	95,607	7,750,654
385,923	14,028	-	4,014,029	222,661	509,536
695,332	916,078	-	11,080	66,834	130,639
778,962	229,598	8,273,657	244,212	777,471	3,006,944
-	-	22,052,296	-	-	-
-	-	10,388,314	-	-	-
468,258	-	-	742,573	6,403	11,864
4,865,332	1,536,776	40,714,267	7,389,412	1,168,976	11,409,637
95,281	(90,857)	(7,445,994)	(125,132)	(69,871)	943,026
-	-	(546,860)	(70,515)	-	-
52,031	209	436,611	105,940	1,033	36,597
-	-	-	-	-	-
100,762	(34,050)	(2,115,943)	-	-	-
152,793	(33,841)	(2,226,192)	35,425	1,033	36,597
248,074	(124,698)	(9,672,186)	(89,707)	(68,838)	979,623
-	-	-	-	-	-
(3,605)	-	-	-	-	(217,045)
244,469	(124,698)	(9,672,186)	(89,707)	(68,838)	762,578
796,393	227,169	8,616,366	6,633,530	230,264	(14,704,263)
\$ 1,040,862	\$ 102,471	\$ (1,055,820)	\$ 6,543,823	\$ 161,426	\$ (13,941,685)

Continued

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2017

	Quality Service Training	Total
Operating revenues:		
Charges for services	\$ -	\$ 64,535,035
Miscellaneous	-	586,065
Total operating revenues	-	65,121,100
Operating expenses:		
Personnel services	-	15,094,412
Contractual services	-	6,952,617
Materials and supplies	-	2,185,150
Administrative charges	-	13,628,198
Insurance	-	22,052,296
Provision for self-insured losses	-	10,388,314
Depreciation	-	1,389,225
Total operating expenses	-	71,690,212
Operating income (loss)	-	(6,569,112)
Nonoperating revenues (expenses):		
Net decrease in the fair value of investment	-	(617,375)
Investment earnings	4,343	675,039
Interest expense	-	(13,400)
Gain (loss) on disposal of capital assets	-	(2,049,231)
Total nonoperating revenues (expenses)	4,343	(2,004,967)
Income (loss) before transfers	4,343	(8,574,079)
Transfers in	-	-
Transfers out	-	(220,650)
Change in net position	4,343	(8,794,729)
Net position (deficit) - beginning	411,004	1,003,212
Net position (deficit) - ending	\$ 415,347	\$ (7,791,517)



CITY OF SANTA ANA, CALIFORNIA
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Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2017

	Central Services	Building Maintenance
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 835,711	\$ 3,894,536
Receipts from other operating sources	-	(8,156)
Payments to suppliers for goods and services	(384,165)	(1,869,503)
Payments for interfund services used	(127,225)	(190,129)
Payments to employees	(258,389)	(1,778,937)
Net cash provided (used) by operating activities	<u>65,932</u>	<u>47,811</u>
Cash flows from noncapital financing activities:		
Transfers in	-	-
Transfers out	-	-
Repayment of advances from other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	-
Capital assets donated to other funds	-	-
Proceeds from sale of capital assets	-	-
Interest paid	(13,400)	-
Payments on capital leases	(141,007)	-
Net cash provided (used) for capital and related financing activities	<u>(154,407)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	5,085	32,856
Decrease in the fair value of investment	-	-
Net cash provided by investing activities	<u>5,085</u>	<u>32,856</u>
Net increase (decrease) in cash and cash equivalents	(83,390)	80,667
Cash and cash equivalents - beginning	<u>602,508</u>	<u>2,729,714</u>
Cash and cash equivalents - ending (Includes restricted cash and investments)	<u><u>519,118</u></u>	<u><u>2,810,381</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(95,410)	219,845
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	160,127	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	(8,156)
Decrease (increase) in inventory of supplies	(3,825)	-
Decrease (increase) in deferred outflows from pension	(73,117)	(515,542)
Increase (decrease) in accounts payable	5,592	(83,808)
Increase (decrease) in due to other governmental agencies	-	-
Increase (decrease) in compensated absences payable	1,102	(65,802)
Increase (decrease) in retention payable	-	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in postemployment benefits obligation	3,608	22,836
Increase (decrease) in net pension liability	87,984	620,349
Increase (decrease) in deferred inflows from pension	(20,129)	(141,911)
Net cash provided (used) by operating activities	<u><u>65,932</u></u>	<u><u>47,811</u></u>
Noncash investing, capital, and financing activities:		
Decrease in fair value of investments	\$ -	\$ -

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 4,630,510	\$ 1,390,837	\$ 33,072,796	\$ 7,264,280	\$ 1,099,105	\$ 12,358,590
302,348	55,082	195,477	-	-	5,403
(957,424)	(1,024,748)	(30,381,244)	(4,058,659)	(312,441)	(3,619,244)
(778,962)	(229,598)	-	(244,212)	(777,471)	-
(2,658,822)	(279,316)	(8,636,129)	(2,381,815)	(86,956)	(7,724,622)
<u>537,650</u>	<u>(87,743)</u>	<u>(5,749,100)</u>	<u>579,594</u>	<u>(77,763)</u>	<u>1,020,127</u>
-	-	-	-	-	-
(3,605)	-	-	-	-	(217,045)
-	-	292,000	-	-	-
<u>(3,605)</u>	<u>-</u>	<u>292,000</u>	<u>-</u>	<u>-</u>	<u>(217,045)</u>
(1,223,450)	-	-	(163,650)	-	-
-	(34,050)	(2,115,943)	-	-	-
100,762	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(1,122,688)</u>	<u>(34,050)</u>	<u>(2,115,943)</u>	<u>(163,650)</u>	<u>-</u>	<u>-</u>
49,497	659	411,665	96,012	1,134	31,481
-	-	(546,860)	(70,515)	-	-
<u>49,497</u>	<u>659</u>	<u>(135,195)</u>	<u>25,497</u>	<u>1,134</u>	<u>31,481</u>
(539,146)	(121,134)	(7,708,238)	441,441	(76,629)	834,563
5,525,129	299,054	44,974,688	9,480,798	131,562	2,312,532
<u>4,985,983</u>	<u>177,920</u>	<u>37,266,450</u>	<u>9,922,239</u>	<u>54,933</u>	<u>3,147,095</u>
95,281	(90,857)	(7,445,994)	(125,132)	(69,871)	943,026
468,258	-	-	742,573	6,403	11,864
(27,755)	-	581,314	-	-	11,330
3,475	20,806	-	-	-	-
(967,400)	(63,660)	(822,968)	(902,379)	(8,747)	(2,272,375)
120,356	(115,448)	(648,948)	(33,550)	(14,199)	27,875
-	-	171,688	-	-	-
(94,909)	98,653	(59,739)	25,946	-	72,072
-	-	(70,807)	-	-	-
-	-	2,026,119	-	-	-
42,571	3,684	26,357	34,705	534	117,509
1,164,093	76,608	720,073	1,085,868	10,519	2,734,371
(266,320)	(17,529)	(226,195)	(248,437)	(2,402)	(625,545)
<u>537,650</u>	<u>(87,743)</u>	<u>(5,749,100)</u>	<u>579,594</u>	<u>(77,763)</u>	<u>1,020,127</u>
\$ -	\$ -	\$ (546,860)	\$ (70,515)	\$ -	\$ -

Continued

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2017

	Quality Service Training	Total
Cash flows from operating activities:		
Receipts from interfund services provided	\$ -	\$ 64,546,365
Receipts from other operating sources	-	550,154
Payments to suppliers for goods and services	-	(42,607,428)
Payments for interfund services used	-	(2,347,597)
Payments to employees	-	(23,804,986)
Net cash provided (used) by operating activities	-	(3,663,492)
Cash flows from noncapital financing activities:		
Transfers in	-	-
Transfers out	-	(220,650)
Repayment of advances from other funds	-	292,000
Net cash provided (used) by noncapital financing activities	-	71,350
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(1,387,100)
Capital assets donated to other funds	-	(2,149,993)
Proceeds from sale of capital assets	-	100,762
Interest paid	-	(13,400)
Payments on capital leases	-	(141,007)
Net cash provided (used) for capital and related financing activities	-	(3,590,738)
Cash flows from investing activities:		
Interest received	3,967	632,356
Decrease in the fair value of investment	-	(617,375)
Net cash provided by investing activities	3,967	14,981
Net increase (decrease) in cash and cash equivalents	3,967	(7,167,899)
Cash and cash equivalents - beginning	410,261	66,466,246
Cash and cash equivalents - ending (Includes restricted cash and investments)	414,228	59,298,347
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	-	(6,569,112)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	-	1,389,225
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	556,733
Decrease (increase) in inventory of supplies	-	20,456
Decrease (increase) in deferred outflows from pension	-	(5,626,188)
Increase (decrease) in accounts payable	-	(742,130)
Increase (decrease) in due to other governmental agencies	-	171,688
Increase (decrease) in compensated absences payable	-	(22,677)
Increase (decrease) in retention payable	-	(70,807)
Increase (decrease) in claims payable	-	2,026,119
Increase (decrease) in postemployment benefits obligation	-	251,804
Increase (decrease) in net pension liability	-	6,499,865
Increase (decrease) in deferred inflows from pension	-	(1,548,468)
Net cash provided (used) by operating activities	-	(3,663,492)
Noncash investing, capital, and financing activities:		
Decrease in fair value of investments	\$ -	\$ (617,375)

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.

Warner Industrial Community Assessment District – For amounts collected and remitted under the terms of the assessment district.

Agency Funds
Combining Statement of Assets and Liabilities
June 30, 2017

	<u>Payroll</u>	<u>Treasurer's Trust</u>	<u>Retirees Health Insurance Subsidy</u>
Assets			
Cash and investments	\$ 9,415,110	\$ 5,282,908	\$ 80,868
Restricted assets:			
Cash & investments with fiscal agents	-	-	-
Receivables:			
Interest	224	648	25
Taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 9,415,334</u>	<u>\$ 5,283,556</u>	<u>\$ 80,893</u>
Liabilities			
Accounts payable	\$ -	\$ -	-
Deposit payable	-	11,541	-
Due to bondholders	-	-	-
Due to City employees	4,090,698	-	80,893
Due to governmental agencies	<u>5,324,636</u>	<u>5,272,015</u>	<u>-</u>
	<u>\$ 9,415,334</u>	<u>\$ 5,283,556</u>	<u>\$ 80,893</u>

AGENCY FUNDS

Transportation Corridor	TSIA Santa Ana- Tustin	Warner Industrial Community Assessment District	Total
\$ 35,681	\$ 8,779,734	\$ 57,182	\$ 23,651,483
-	-	153,484	153,484
-	22,939	-	23,836
-	-	4,157	4,157
\$ 35,681	\$ 8,802,673	\$ 214,823	\$ 23,832,960
\$ 35,681	\$ 3,300	-	\$ 38,981
-	-	-	11,541
-	-	214,823	214,823
-	-	-	4,171,591
-	8,799,373	-	19,396,024
\$ 35,681	\$ 8,802,673	\$ 214,823	\$ 23,832,960

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year ended June 30, 2017

	Balance June 30,2016	Additions	Deductions	Balance June 30,2017
PAYROLL FUND				
Assets				
Cash and investments	\$ 5,532,500	\$ 148,434,324	\$ 144,551,714	\$ 9,415,110
Interest receivable	170	224	170	224
Total assets	<u>\$ 5,532,670</u>	<u>\$ 148,434,548</u>	<u>\$ 144,551,884</u>	<u>\$ 9,415,334</u>
Liabilities				
Due to City employees	\$ 3,927,520	\$ 109,294,774	\$ 109,131,596	\$ 4,090,698
Due to governmental agencies	1,605,150	39,139,774	35,420,288	5,324,636
Total liabilities	<u>\$ 5,532,670</u>	<u>\$ 148,434,548</u>	<u>\$ 144,551,884</u>	<u>\$ 9,415,334</u>
TREASURER'S TRUST FUND				
Assets				
Cash and investments	\$ 6,541,872	\$ 8,581,050	\$ 9,840,014	\$ 5,282,908
Interest receivable	481	648	481	648
Total assets	<u>\$ 6,542,353</u>	<u>\$ 8,581,698</u>	<u>\$ 9,840,495</u>	<u>\$ 5,283,556</u>
Liabilities				
Deposits payable	\$ -	2,020,923	2,009,382	11,541
Due to governmental agencies	6,542,353	6,560,775	7,831,113	5,272,015
Total liabilities	<u>\$ 6,542,353</u>	<u>\$ 8,581,698</u>	<u>\$ 9,840,495</u>	<u>\$ 5,283,556</u>
RETIRES HEALTH INSURANCE SUBSIDY				
Assets				
Cash and investments	\$ 24,550	\$ 1,066,605	\$ 1,010,287	\$ 80,868
Interest receivable	4	25	4	25
Total assets	<u>\$ 24,554</u>	<u>\$ 1,066,630</u>	<u>\$ 1,010,291</u>	<u>\$ 80,893</u>
Liabilities				
Due to city employees	\$ 24,554	\$ 1,066,630	\$ 1,010,291	\$ 80,893
Total liabilities	<u>\$ 24,554</u>	<u>\$ 1,066,630</u>	<u>\$ 1,010,291</u>	<u>\$ 80,893</u>

	Balance June 30,2016	Additions	Deductions	Balance June 30,2017
HOUSING REHABILITATION LOAN PROGRAM				
Assets				
Notes receivables	\$ 234,333	\$ -	\$ 234,333	\$ -
Total assets	<u>\$ 234,333</u>	<u>\$ -</u>	<u>\$ 234,333</u>	<u>\$ -</u>
Liabilities				
Notes payable	\$ 234,333	\$ -	\$ 234,333	\$ -
Total liabilities	<u>\$ 234,333</u>	<u>\$ -</u>	<u>\$ 234,333</u>	<u>\$ -</u>
TRANSPORTATION CORRIDOR FUND				
Assets				
Cash and investments	\$ 22,004	\$ 35,681	\$ 22,004	\$ 35,681
Total assets	<u>\$ 22,004</u>	<u>\$ 35,681</u>	<u>\$ 22,004</u>	<u>\$ 35,681</u>
Liabilities				
Accounts payable	\$ 22,004	\$ 35,681	\$ 22,004	\$ 35,681
Total liabilities	<u>\$ 22,004</u>	<u>\$ 35,681</u>	<u>\$ 22,004</u>	<u>\$ 35,681</u>
TRANSPORTATION SYSTEM IMPROVEMENT AUTHORITY SANTA-ANA - TUSTIN				
Assets				
Cash and investments	\$ 8,229,419	\$ 628,588	\$ 78,273	\$ 8,779,734
Interest receivable	14,904	22,939	14,904	22,939
Total assets	<u>\$ 8,244,323</u>	<u>\$ 651,527</u>	<u>\$ 93,177</u>	<u>\$ 8,802,673</u>
Liabilities				
Accounts payable	\$ 9,605	\$ 74,742	\$ 81,047	\$ 3,300
Due to governmental agencies	8,234,718	576,785	12,130	8,799,373
Total liabilities	<u>\$ 8,244,323</u>	<u>\$ 651,527</u>	<u>\$ 93,177</u>	<u>\$ 8,802,673</u>

(Continued)

**Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year ended June 30, 2017**

	Balance <u>June 30,2016</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30,2017</u>
SCHOOL DISTRICTS' TRUST FUND				
Assets				
Cash and investments	\$ 858	\$ -	\$ 858	\$ -
Total assets	<u>\$ 858</u>	<u>\$ -</u>	<u>\$ 858</u>	<u>\$ -</u>
Liabilities				
Due to governmental agencies	\$ 858	\$ -	\$ 858	\$ -
Total liabilities	<u>\$ 858</u>	<u>\$ -</u>	<u>\$ 858</u>	<u>\$ -</u>
WARNER INDUSTRIAL COMMUNITY ASSESSMENT DISTRICT				
Assets				
Cash and investments	\$ -	\$ 57,182	\$ -	\$ 57,182
Restricted assets:				
Cash & investments with fiscal agents	-	176,529	23,045	153,484
Taxes	-	4,157	-	4,157
Total assets	<u>\$ -</u>	<u>\$ 237,868</u>	<u>\$ 23,045</u>	<u>\$ 214,823</u>
Liabilities				
Due to bondholders	\$ -	\$ 237,868	\$ 23,045	\$ 214,823
Total liabilities	<u>\$ -</u>	<u>\$ 237,868</u>	<u>\$ 23,045</u>	<u>\$ 214,823</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 20,351,203	\$ 158,803,430	\$ 155,503,150	\$ 23,651,483
Restricted assets:				
Cash & investments with fiscal agents	-	176,529	23,045	153,484
Receivables:				
Taxes	-	4,157	-	4,157
Loans and notes	234,333	-	234,333	-
Interest	15,559	23,836	15,559	23,836
Total assets	<u>\$ 20,601,095</u>	<u>\$ 159,007,952</u>	<u>\$ 155,776,087</u>	<u>\$ 23,832,960</u>
Liabilities				
Accounts payable	\$ 31,609	\$ 110,423	\$ 103,051	\$ 38,981
Notes payable	234,333	-	234,333	-
Deposits payable	-	2,020,923	2,009,382	11,541
Due to bondholders	-	237,868	23,045	214,823
Due to City employees	3,952,074	110,361,404	110,141,887	4,171,591
Due to governmental agencies	16,383,079	46,277,334	43,264,389	19,396,024
Total liabilities	<u>\$ 20,601,095</u>	<u>\$ 159,007,952</u>	<u>\$ 155,776,087</u>	<u>\$ 23,832,960</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 say about the government's overall financial health.

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<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
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Schedule 2 - Changes in Net Position	193
Schedule 3 - Fund Balances of Governmental Funds	199
Schedule 4 - Changes in Fund Balances of Governmental Funds	201
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
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<u>Demographic and Economic Information</u> - This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
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<u>Operating Information</u> - 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.	
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Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2017	2016	2015	2014**
Governmental Activities:				
Net investment in capital assets	\$ 842,333	\$ 823,975	\$ 807,136	\$ 797,222
Restricted	176,377	156,204	238,034	227,514
Unrestricted	(387,032)	(362,557)	(378,741)	71,741
Total governmental activities net position	<u>\$ 631,678</u>	<u>\$ 617,622</u>	<u>\$ 666,429</u>	<u>\$ 1,096,477</u>
Business-type activities:				
Net investment in capital assets	\$ 101,972	\$ 96,563	\$ 94,756	\$ 92,652
Restricted	2,908	2,859	2,867	4,033
Unrestricted	41,547	38,804	33,018	53,819
Total business-type activities net position	<u>\$ 146,427</u>	<u>\$ 138,226</u>	<u>\$ 130,641</u>	<u>\$ 150,504</u>
Primary government:				
Net investment in capital assets	\$ 944,305	\$ 920,538	\$ 901,892	\$ 889,874
Restricted	179,285	159,063	240,901	231,547
Unrestricted	(345,485)	(323,753)	(345,723)	125,560
Total primary government net position	<u>\$ 778,105</u>	<u>\$ 755,848</u>	<u>\$ 797,070</u>	<u>\$ 1,246,981</u>

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

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

Source: City of Santa Ana 2008 - 2017 CAFRS

SCHEDULE 1

Fiscal Year						
2013*	2012	2011	2010	2009	2008	
\$ 800,141	\$ 787,634	\$ 767,746	\$ 723,057	\$ 684,618	\$ 650,254	
204,518	236,683	146,268	156,629	182,938	185,518	
54,989	23,756	26,574	15,155	5,165	(6,279)	
<u>\$ 1,059,648</u>	<u>\$ 1,048,073</u>	<u>\$ 940,588</u>	<u>\$ 894,841</u>	<u>\$ 872,721</u>	<u>\$ 829,493</u>	
\$ 90,055	\$ 89,780	\$ 87,551	\$ 84,088	\$ 83,163	\$ 79,764	
3,315	2,322	1,186	956	7,014	4,111	
44,636	35,758	35,705	34,201	24,745	20,385	
<u>\$ 138,006</u>	<u>\$ 127,860</u>	<u>\$ 124,442</u>	<u>\$ 119,245</u>	<u>\$ 114,922</u>	<u>\$ 104,260</u>	
\$ 890,196	\$ 877,414	\$ 855,297	\$ 807,145	\$ 767,781	\$ 730,018	
207,833	239,005	147,454	157,585	189,952	189,629	
99,625	59,514	62,279	49,356	29,910	14,106	
<u>\$ 1,197,654</u>	<u>\$ 1,175,933</u>	<u>\$ 1,065,030</u>	<u>\$ 1,014,086</u>	<u>\$ 987,643</u>	<u>\$ 933,753</u>	

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

	Fiscal Year					Page 1 of 6
	2017	2016	2015	2014	2013	
Expenses:						
Governmental activities:						
General government (1)	\$ 22,965	\$ 16,266	\$ 15,702	\$ 16,244	\$ 14,628	
Cultural recreation and community services (2)	30,689	26,252	27,408	30,613	26,994	
Public safety (3) (5)	185,803	156,989	166,410	160,153	155,444	
Developmental services (4)	44,831	29,369	30,548	28,567	30,526	
Community development	47,427	43,778	44,604	55,537	55,016	
Pass-through payments to districts and other agencies	-	-	-	-	915	
County administrative charge	-	-	-	-	-	
Interest on long-term debt	6,944	7,208	7,576	8,080	7,027	
Total governmental activities expenses	\$ 338,659	\$ 279,862	\$ 292,248	\$ 299,194	\$ 290,550	
Business-type activities:						
Water	\$ 45,040	\$ 41,947	\$ 45,217	\$ 44,912	\$ 44,528	
Parking	5,276	4,296	2,852	2,795	2,756	
Sewer	4,916	4,685	4,627	4,761	4,351	
Sanitation	6,695	6,675	7,256	7,616	7,913	
Refuse collections	16,853	16,463	15,946	15,948	16,122	
Transportation center	1,197	1,245	1,187	1,267	1,317	
Federal clean water protection	2,373	2,878	2,033	2,125	1,780	
Total business-type expenses	82,350	78,189	79,118	79,424	78,766	
Total primary government expenses	\$ 421,009	\$ 358,051	\$ 371,366	\$ 378,618	\$ 369,317	

* 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 2008 - 2017 CAFRS

SCHEDULE 2

					Page 2 of 6
Fiscal Year					
2012	2011	2010	2009	2008	
\$ 11,364	\$ 12,333	\$ 15,227	\$ 20,456	\$ 6,912	
23,902	24,084	25,528	27,937	24,057	
139,514	174,524	183,885	175,036	157,792	
26,148	31,073	30,338	29,849	44,289	
77,219	58,735	68,150	53,598	58,798	
3,393	12,760	28,093 *	10,399 *	9,341 *	
1,547	525	486 *	391 *	287 *	
<u>8,669</u>	<u>14,664</u>	<u>16,828</u>	<u>16,580</u>	<u>16,585</u>	
\$ <u>291,756</u>	\$ <u>328,698</u>	\$ <u>368,535</u>	\$ <u>334,246</u>	\$ <u>318,061</u>	
\$ 49,271	\$ 45,674	\$ 45,727	\$ 41,910	\$ 41,289	
2,963	2,631	2,824	2,767	2,973	
4,268	3,462	3,485	3,140	3,313	
8,417	8,403	8,072	7,781	7,641	
16,024	15,339	16,716	13,205	13,345	
1,280	1,313	1,423	1,422	1,282	
1,637	2,359	2,210	2,217	2,585	
<u>83,860</u>	<u>79,181</u>	<u>80,457</u>	<u>72,442</u>	<u>72,428</u>	
\$ <u><u>375,616</u></u>	\$ <u><u>407,879</u></u>	\$ <u><u>448,992</u></u>	\$ <u><u>406,688</u></u>	\$ <u><u>390,489</u></u>	

Continued

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

	Fiscal Year					Page 3 of 6
	2017	2016	2015	2014	2013	
Program revenues:						
Governmental activities:						
Charges for services:						
General government (1)	\$ 5,379	\$ 4,584	\$ 5,267	\$ 4,307	\$ 4,322	
Cultural recreation and community services (2)	3,100	3,245	3,411	4,302	3,311	
Public safety (3) (5)	22,596	23,370	22,962	25,498	25,652	
Developmental services (4)	18,595	17,410	16,651	16,239	16,752	
Community development	1,168	1,721	3,268	5,433	1,447	
Operating grants and contributions	62,814	65,518	64,711	77,494	64,700	
Capital grants and contributions	58,350	19,882	25,624	36,252	29,214	
Total governmental activities program revenues	\$ 172,002	\$ 135,730	\$ 141,894	\$ 169,525	\$ 145,398	
Business-type activities:						
Charges for services:						
Water	\$ 51,657	\$ 48,289	\$ 45,812	\$ 52,856	\$ 51,339	
Parking	4,410	4,472	5,306	4,771	4,744	
Sewer	5,620	5,125	4,756	5,017	4,939	
Sanitation	7,384	7,973	8,045	7,934	7,931	
Refuse collections	18,985	18,230	17,270	17,062	16,650	
Transportation center	602	593	757	754	869	
Federal clean water protection	1,725	365	2,862	2,868	2,740	
Operating grants and contributions	-	-	77	92	22	
Capital grants and contributions	-	-	-	-	-	
Total business-type activities Program revenues	90,383	85,047	84,885	91,354	89,234	
Total primary government Program revenues	\$ 262,385	\$ 220,777	\$ 226,779	\$ 260,879	\$ 234,632	
Net (expense) revenue						
Governmental activities	(166,657)	(144,132)	(150,354)	(129,669)	(145,152)	
Business-type activities	8,033	6,858	5,767	11,930	10,468	
Total primary government net (expense) revenue	\$ (158,624)	\$ (137,274)	\$ (144,587)	\$ (117,739)	\$ (134,685)	

SCHEDULE 2

Fiscal Year					Page 4 of 6
2012	2011	2010	2009	2008	
\$ 5,687	\$ 5,912	\$ 4,659	\$ 5,482	\$ 4,076	
3,088	2,595	3,231	2,598	1,569	
27,554	29,171	25,370	20,844	17,642	
18,633	17,186	15,707	13,833	10,591	
28,003	4,688	6,321	8,694	418	
75,051	87,080	99,887	72,232	61,202	
37,001	32,910	37,218	38,694	37,448	
\$ 195,017	\$ 179,542	\$ 192,393	\$ 162,377	\$ 132,946	
\$ 49,482	\$ 47,783	\$ 48,782	\$ 47,338	\$ 42,574	
4,445	3,733	4,287	4,274	3,757	
4,783	4,679	4,816	4,522	3,610	
7,967	8,002	7,946	8,091	7,831	
16,261	16,218	14,988	8,615	8,111	
789	970	1,233	1,026	850	
2,733	2,552	2,474	2,384	2,340	
666	295	-	6,442	6,185	
-	-	-	-	-	
87,126	84,232	84,526	82,692	75,258	
\$ 282,143	\$ 263,774	\$ 276,919	\$ 245,069	\$ 208,204	
(96,739)	(149,156)	(176,142)	(171,869)	(185,115)	
3,266	5,051	4,069	10,250	2,830	
\$ (93,473)	\$ (144,105)	\$ (172,073)	\$ (161,619)	\$ (182,285)	

Continued

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Page 5 of 6					
General revenues and other changes in net position					
Governmental activities:					
Net program revenue (expense):					
General government (1)	\$ (16,528)	\$ (11,141)	\$ (9,710)	\$ (11,480)	\$ (8,544)
Cultural recreation and community services (2)	(20,912)	(15,765)	(19,106)	(17,080)	(19,364)
Public safety (3) (5)	(155,869)	(125,726)	(134,780)	(122,434)	(116,788)
Developmental services (4)	31,293	8,255	18,944	30,426	14,699
Community development	2,303	7,453	1,874	(1,021)	(7,213)
Pass-through payments to districts and other agencies	-	-	-	-	(915)
County administrative charge	-	-	-	-	-
Interest on long-term debt	(6,944)	(7,208)	(7,576)	(8,080)	(7,027)
General revenues:					
Property taxes	72,572	67,902	72,750	66,098	62,347
Sales Taxes	-	-	-	44,367	40,978
Hotels visitors' taxes	9,768	8,882	8,983	8,519	7,490
Utility users taxes	24,413	25,102	24,919	25,035	24,415
Business taxes	13,774	12,384	11,343	11,201	10,671
Franchise taxes	7,866	8,449	8,316	7,984	9,001
Other taxes	1,371	1,520	997	1,169	962
Intergovernmental, unrestricted	50,609	50,747	48,170	521	833
Investment income	302	2,452	1,265	1,598	(1,292)
Other revenues	11	871	576	6	617
Transfers	27	168	56	-	-
Extraordinary gain	-	-	-	-	705
Total Governmental activities	<u>14,056</u>	<u>34,345</u>	<u>27,021</u>	<u>36,829</u>	<u>11,575</u>
Business-type activities:					
Water	6,617	6,342	596	7,944	6,811
Parking	(866)	176	2,453	1,976	1,988
Sewer	704	440	128	256	588
Sanitation	689	1,298	789	318	18
Refuse collections	2,132	1,767	1,401	1,206	551
Transportation center	(595)	(653)	(430)	(513)	(448)
Federal clean water protection	(647)	(2,512)	829	743	960
General revenues:					
Investment income	194	895	361	568	(322)
Transfers	(27)	(167)	(56)	-	-
Total business-type activities	<u>8,201</u>	<u>7,586</u>	<u>6,071</u>	<u>12,498</u>	<u>10,146</u>
Total primary government	<u>22,257</u>	<u>41,931</u>	<u>33,092</u>	<u>49,327</u>	<u>21,721</u>
Changes in net position					
Governmental activities	14,056	34,345	27,021	36,829	11,575
Business-type activities	8,201	7,586	6,071	12,498	10,146
Total primary government	<u>\$ 22,257</u>	<u>\$ 41,931</u>	<u>\$ 33,092</u>	<u>\$ 49,327</u>	<u>\$ 21,721</u>

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

** Sales Taxes are presented as part of Intergovernmental, unrestricted revenue starting from FY14-15 based on GFOA recommendations.

SCHEDULE 2

					Fiscal Year	Page 6 of 6			
2012		2011		2010		2009		2008	
\$	(5,677)	\$	(6,421)	\$	(7,033)	\$	(10,791)	\$	(1,801)
	(17,943)		(15,937)		(12,613)		(19,708)		(15,476)
	(93,460)		(129,423)		(137,118)		(137,103)		(133,106)
	31,379		27,685		27,200		22,104		3,717
	2,572		2,889		(1,170)		999		(12,019)
	(3,393)		(12,760)		(28,093)		(10,399)		(9,341)
	(1,547)		(525)		(486)		(391)		(287)
	(8,669)		(14,664)		(16,828)		(16,580)		(16,585)
	87,189		103,610		108,001 *		117,756 *		112,967 *
	38,744		37,409		34,496		39,699		46,421
	7,024		5,970		5,650		6,149		7,714
	24,367		25,328		26,097		27,693		28,112
	10,317		10,380		9,944		10,027		10,444
	7,460		7,562		7,777		5,866		5,618
	1,401		1,176		1,090		1,500		1,837
	466		1,934		1,255		1,202		1,672
	951		869		2,862		4,613		5,219
	863		665		1,089		543		389
	-		-		-		50		128
	25,440		-		-		-		-
	<u>107,485</u>		<u>45,747</u>		<u>22,120</u>		<u>43,229</u>		<u>35,623</u>
	601		2,195		3,055		5,428		1,285
	1,483		1,102		1,463		1,506		785
	514		1,217		1,332		1,382		297
	(450)		(401)		(126)		309		190
	513		1,089		(1,728)		1,852		950
	(491)		(344)		(191)		(395)		(433)
	1,096		193		263		167		(245)
	152		146		255		463		850
	-		-		-		(50)		(128)
	<u>3,418</u>		<u>5,197</u>		<u>4,323</u>		<u>10,662</u>		<u>3,551</u>
	<u>110,903</u>		<u>50,944</u>		<u>26,443</u>		<u>53,891</u>		<u>39,174</u>
	107,485		45,747		22,120		43,229		35,623
	3,418		5,197		4,323		10,662		3,551
\$	<u>110,903</u>	\$	<u>50,944</u>	\$	<u>26,443</u>	\$	<u>53,891</u>	\$	<u>39,174</u>

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

	Fiscal Year		
	2017	2016	2015
General Fund			
Reserved	\$ -	\$ -	\$ -
Nonspendable	9	-	3,434
Restricted	2,160	1,455	955
Committed	-	-	-
Assigned	9,928	27,077	21,562
Unreserved	-	-	-
Unassigned	62,456	48,395	45,891
Total General Fund	<u>\$ 74,553</u>	<u>\$ 76,927</u>	<u>\$ 71,842</u>
All Other Governmental Funds			
Reserved	\$ -	\$ -	\$ -
Nonspendable	23	16	25,263
Restricted	157,467	152,641	95,697
Subsequent year's budget: appropriation of fund balance	-	-	-
Unassigned:			
Special Revenue	(3,287)	(921)	(1,618)
Capital Projects	(2,034)	(888)	(686)
Debt Services	-	-	-
Total all other governmental funds	<u>\$ 152,169</u>	<u>\$ 150,848</u>	<u>\$ 118,656</u>

Source: City of Santa Ana 2008 - 2017 CAFRS

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

SCHEDULE 3

Fiscal Year						
2014	2013	2012	2011	2010*	2009	2008
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,243	\$ 3,945
3,357	3,267	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,314	5,509	-	-
5,404	5,424	4,661	2,987	-	-	-
-	-	-	-	-	11,093	32,183
45,298	30,688	19,335	6,673	2,962	-	-
<u>\$ 54,059</u>	<u>\$ 39,379</u>	<u>\$ 23,996</u>	<u>\$ 10,974</u>	<u>\$ 8,471</u>	<u>\$ 16,336</u>	<u>\$ 36,128</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,939	\$ 113,693
18,993	3,660.82	3,652	3,652	12,354	-	-
97,784	93,552.80	110,606	196,182	247,124	-	-
-	-	-	-	3,831	-	-
(806)	(630.00)	(1,661)	(2,191)	(86)	63,681	77,705
(1,721)	(936.00)	(955)	(600)	(925)	10,721	11,875
-	-	-	-	(68,330)	-	-
<u>\$ 114,250</u>	<u>\$ 95,648</u>	<u>\$ 111,642</u>	<u>\$ 197,043</u>	<u>\$ 193,968</u>	<u>\$ 217,341</u>	<u>\$ 203,273</u>

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

	Fiscal Year			
	2017	2016	2015	2014
Revenues:				
Taxes	\$ 131,308	\$ 125,255	\$ 127,913	\$ 164,855
License and permits	5,804	4,744	5,346	3,295
Intergovernmental	145,682	129,823	129,108	95,367
Charges for services	16,016	12,756	10,698	11,493
Fines and forfeits	5,096	5,450	5,937	7,010
Investment income	517	2,992	1,715	1,607
Gain on sale of land held for resale	-	-	-	-
Miscellaneous	30,278	35,688	31,048	43,804
Special assessments	947	-	-	-
Contributions from property owner- special assessments	1,252	-	-	-
Payment of bond proceeds from successor agency	2,515	-	-	-
Total revenues	<u>339,415</u>	<u>316,708</u>	<u>311,765</u>	<u>327,431</u>
Expenditures:				
General government (1)	18,999	15,261	14,369	13,264
Cultural recreation and community services (2)	26,512	23,934	4,976	27,074
Public safety (3) (5)	171,486	162,047	154,975	151,703
Developmental services (4)	18,532	18,892	36,754	17,237
Community development	48,928	42,827	44,150	58,337
Capital outlay	45,109	30,367	25,123	10,801
Debt service:				
Principal retirement	9,181	8,242	7,872	11,513
Interest and fiscal charges	6,020	6,342	6,750	7,987
Cost of issuance and other bond charges	-	-	-	183
Total expenditures	<u>344,767</u>	<u>307,912</u>	<u>294,969</u>	<u>298,099</u>
Excess (deficiency) of revenues over (under) expenditures	(5,352)	8,796	16,796	29,332
Other Financing Sources (uses):				
Loss on sale of land held for resale	-	(1,267)	-	-
Sales of capital assets	2,000	-	-	-
Transfers in	11,645	17,826	14,975	12,496
Transfers out	(11,398)	(17,624)	(14,793)	(12,186)
Bond discount	-	-	-	-
Capital lease agreement	-	-	4,256	-
Loan proceeds	2,052	-	955	-
Payment to refunded bond escrow agent	-	-	-	(44,856)
Proceeds from issuance of bonds	-	-	-	45,060
Proceeds of refunding debt	-	-	-	-
Capital contribution	-	-	-	3,437
Total other financing sources (uses)	<u>4,299</u>	<u>(1,065)</u>	<u>5,393</u>	<u>3,951</u>
Extraordinary gain (loss)	-	-	-	-
Net change in fund balance	<u>\$ (1,053)</u>	<u>\$ 7,731</u>	<u>\$ 22,189</u>	<u>\$ 33,283</u>
Debt service as a percent of noncapital expenditures	5.1%	5.3%	5.4%	6.8%

Source: City of Santa Ana 2008 - 2017 CAFRS

1. Includes Human Resources and Finance

2. Includes Museum and Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

5. As of April 2012, the City contracted with OCFA for fire services. 201

							Fiscal Year					
2013		2012		2011		2010		2009		2008		
\$	156,008	\$	176,503	\$	191,434	\$	193,055	\$	205,817	\$	210,242	
	4,043		3,948		3,806		2,845		3,485		3,321	
	88,411		108,638		121,924		128,240		109,186		89,337	
	8,752		11,021		9,899		10,147		9,161		13,643	
	6,935		6,930		7,902		6,435		7,332		7,645	
	(396)		1,163		1,355		2,072		11,504		13,568	
	-		273		238		-		-		350	
	35,541		36,985		39,280		44,368		39,359		35,050	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	<u>299,294</u>		<u>345,461</u>		<u>375,838</u>		<u>387,162</u>		<u>385,844</u>		<u>373,156</u>	
	12,494		10,155		10,782		11,745		20,300		16,497	
	23,762		21,138		21,205		23,629		26,883		28,176	
	150,723		169,504		164,203		177,346		173,793		160,806	
	17,565		15,575		19,763		19,716		22,022		23,134	
	55,359		82,114		71,413		67,454		53,439		55,330	
	25,378		30,067		58,488		56,481		46,819		41,769	
	6,865		9,001		14,244		12,485		12,791		11,154	
	8,471		11,940		17,543		20,769		20,992		20,430	
	-		-		778		28,594		11,738		11,503	
	<u>300,617</u>		<u>349,493</u>		<u>378,419</u>		<u>418,219</u>		<u>388,777</u>		<u>368,799</u>	
	(1,323)		(4,032)		(2,581)		(31,057)		(2,933)		4,357	
	-		-		-		-		-		-	
	11,826		103,691		55,970		68,438		65,647		57,400	
	(11,115)		(90,149)		(54,377)		(68,619)		(69,137)		(61,025)	
	-		-		(374)		-		-		-	
	-		-		-		-		-		-	
	-		-		-		-		700		-	
	-		-		(59,850)		-		-		-	
	-		-		-		-		-		68,010	
	-		-		66,790		-		-		(1,032)	
	-		-		-		-		-		-	
	<u>711</u>		<u>13,542</u>		<u>8,159</u>		<u>(181)</u>		<u>(2,790)</u>		<u>63,353</u>	
	-		(81,889)		-		-		-		-	
\$	<u>(612)</u>	\$	<u>(72,379)</u>	\$	<u>5,578</u>	\$	<u>(31,238)</u>	\$	<u>(5,723)</u>	\$	<u>67,710</u>	
	5.6%		6.6%		9.9%		9.2%		9.9%		9.7%	

**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			
2017	\$ 22,436,846	\$ 1,449,280	\$ (157,732)	\$ 23,728,394	-	
2016	21,528,909	1,484,318	(159,727)	22,853,500	-	
2015	20,432,992	1,642,391	(161,264)	21,914,119	-	
2014	19,579,938	1,539,745	(164,260)	20,955,423	-	
2013	18,829,929	1,432,409	(168,762)	20,093,576	-	
2012	18,509,578	1,591,287	(172,181)	19,928,684	-	
2011	18,313,282	1,575,006	(173,894)	19,714,394	-	
2010	18,811,560	1,700,267	(174,101)	20,337,726	-	
2009	20,220,321	1,711,122	(175,015)	21,756,428	-	
2008	19,553,630	1,630,486	(177,491)	21,006,625	-	

1. Includes tax-exempt property

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

Source: County of Orange Auditor-Controller's Office

SCHEDULE 5

Dissolved Redevelopment Agency

	Secured	Unsecured	Less: Exemptions ¹	Taxable Assessed Value	Total Direct Tax Rate ²
\$	6,532,889	\$ 944,728	\$ (5,677)	\$ 7,471,941	1.1177
	6,292,184	980,400	(5,723)	7,266,861	1.1167
	5,965,248	1,001,603	(5,788)	6,961,064	1.1199
	5,766,230	1,043,697	(5,889)	6,804,038	1.1230
	5,612,900	991,788	(6,027)	6,598,661	1.1134
	5,499,129	1,014,608	(6,088)	6,507,649	1.1066
	5,508,301	1,030,585	(6,124)	6,532,762	1.1068
	5,861,379	1,147,376	(5,924)	7,002,831	1.1055
	5,802,723	1,135,087	(5,827)	6,931,983	1.0590
	5,204,255	1,077,781	(5,980)	6,276,056	1.0641

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

	2017	2016	2015	2014
City direct rates:				
City basic rate	(1)	(1)	(1)	(1)
Redevelopment agency				
Total City direct rate	-	-	-	-
Overlapping Rates:				
Santa Ana Unified School				
District bonds	0.06327	0.06377	0.06604	0.06869
Rancho Santiago Community				
College District bonds	0.05088	0.04945	0.05039	0.05078
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350
County of Orange	1.00000	1.00000	1.00000	1.00000
Total direct rate	<u>1.11765</u>	<u>1.11672</u>	<u>1.11993</u>	<u>1.12297</u>

Taxes on the secured rolls are payable in two installments on November 1 and March 1 of each fiscal year and become delinquent on December 10, and April 10, respectively. Taxes on unsecured property are assessed and payable on March 1 and become delinquent the following August 31 in the next fiscal year. The penalty for delinquent payment is 10% of the property tax due plus 1-1/2% interest per month until paid.

All property taxes are collected by the County of Orange Tax Collector and are apportioned to participating agencies in accordance with a prearranged schedule of apportionment dates and amounts either as a percentage of the levy or in amounts actually collected. Interest is paid on undistributed taxes in subsequent apportionments. The Tax Collector charges the agencies 1/4 of 1 percent of the amounts collected for his services.

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

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

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

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

Source: County of Orange Auditor-Controller's Office

SCHEDULE 6

2013	2012	2011	2010	2009	2008
(1)	(1)	(1)	(1)	(1)	(1)
-	-	-	-	-	-
0.07749	0.07147	0.07167	0.07388	0.03212	0.03585
0.03241	0.03146	0.03141	0.02735	0.02253	0.02373
0.00350	0.00370	0.00370	0.00430	0.00430	0.00450
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<u>1.11340</u>	<u>1.10663</u>	<u>1.10678</u>	<u>1.10553</u>	<u>1.05895</u>	<u>1.06408</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
2017	\$ 34,625,379	\$ 33,948,629	98.0%	\$ 217,366	\$ 34,165,995	98.7%
2016	33,366,315	32,609,752	97.7%	228,462	32,838,214	98.4%
2015	31,723,610	31,374,544	98.9%	216,113	31,590,658	99.6%
2014	30,143,293	29,807,066	98.9%	218,538	30,025,604	99.6%
2013	28,633,536	28,286,767	98.8%	271,597	28,558,364	99.7%
2012	28,167,014	27,732,887	98.5%	394,398	28,127,285	99.9%
2011	27,822,469	27,343,618	98.3%	421,347	27,764,965	99.8%
2010	28,081,259	27,424,429	97.7%	76,711	27,501,140	97.9%
2009	31,259,324	30,127,022	96.4%	470,972	30,597,994	97.9%
2008	31,693,492	30,461,410	96.1%	1,215,444	31,676,854	99.9%

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			
	2017	2016	2015	2014
General Retail	\$ 946,321	\$ 966,874	\$ 936,187	\$ 897,382
Business to Business	761,998	733,732	688,882	644,269
Transportation	928,206	949,296	960,861	968,350
Food Products	524,692	528,337	487,685	461,968
Construction	910,681	845,233	794,870	756,298
Miscellaneous ¹	53,777	46,086	42,054	58,492
Total	\$ 4,125,674	\$ 4,069,557	\$ 3,910,538	\$ 3,786,760

1. Miscellaneous category includes health & government

The County of Orange has a 7.75% tax rate,

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

Source: MBIA Muniservices

SCHEDULE 8

Fiscal Year						
2013	2012	2011	2010	2009	2008	
\$ 890,101	\$ 854,525	\$ 861,474	\$ 825,600	\$ 862,913	\$ 961,930	
612,531	576,067	561,058	519,269	538,703	572,785	
926,317	888,621	831,180	739,876	755,242	877,273	
416,051	380,951	363,440	342,892	405,465	489,309	
730,186	696,194	649,712	696,291	822,345	917,549	
45,012	37,448	36,023	36,341	61,892	59,092	
<u>\$ 3,620,197</u>	<u>\$ 3,433,806</u>	<u>\$ 3,302,886</u>	<u>\$ 3,160,269</u>	<u>\$ 144,536</u>	<u>\$ 3,877,938</u>	

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

Principal Property Tax Remitters	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bre Properties Inc.	\$ 318,527,738	1	1.34%			
Main Place Shoppingtown	252,205,766	2	1.06%	\$ 224,581,986	1	1.06%
First American Title	139,420,994	3	0.59%	109,378,283	3	0.52%
RP Essex Skyline Holdings	135,101,919	4	0.57%			
APG OCIC LLC	104,722,882	5	0.44%			
BSG West Bristol LLC	97,131,028	6	0.41%			
Marke at South Coast Metro LLC	76,514,496	7	0.32%			
Banc of CA N A	76,375,248	8	0.32%	88,195,831	6	0.42%
Fund IX VT Santa Ana LLC	74,331,994	9	0.31%			
Freedom Newspapers Inc.	73,719,299	10	0.31%			
GLL US Office LP	-		-	124,207,668	2	0.59%
Spieker Griffin W 9	-		-	104,104,345	4	0.49%
Greenville Ranch LLC	-		-	103,779,412	5	0.49%
1851 E First Street	-		-	79,050,000	7	0.37%
Lapco Industrial Parks	-		-	64,639,129	8	0.31%
Pacific Coast Holdings	-		-	62,579,022	9	0.30%
Tustin Centre Tower LLC	-		-	61,200,000	10	0.29%
Total	\$ 1,348,051,364		5.67%	\$ 1,021,715,676		4.84%

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

Source: MBIA Muniservices



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

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

	Fiscal Year			
	2017	2016	2015	2014
Type of Customer				
Residential	6,892,323.3	6,903,687.7	7,725,440.5	8,285,900.4
Commercial	2,042,209.0	2,031,311.4	2,232,378.3	2,315,563.4
Industrial	611,536.4	619,406.1	827,394.2	844,945.3
Wholesale food	109,407.0	108,499.6	110,939.6	117,576.6
Government	200,476.0	209,123.6	317,185.7	360,322.8
Others ¹	453,205.0	450,398.5	567,059.6	555,458.8
Total	<u>10,309,156.7</u>	<u>10,322,426.9</u>	<u>11,780,397.8</u>	<u>12,479,767.4</u>
Total direct rate per 44 units ²	\$ 2.950	\$ 2.790	\$ 2.727	\$ 2.727

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

2. A unit is 748 gallons.

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

SCHEDULE 10

Fiscal Year					
2013	2012	2011	2010	2009	2008
8,191,888.8	8,054,021.9	8,017,322.1	8,084,666.0	9,775,959.9	9,116,657.7
2,257,527.6	2,203,292.3	2,174,889.3	2,158,521.6	2,772,523.9	2,751,669.8
801,654.8	761,203.7	725,834.5	710,905.9	996,097.7	965,694.2
114,953.4	113,081.9	110,922.4	106,531.7	115,519.1	110,642.7
352,676.0	350,978.8	325,890.9	316,262.6	218,620.8	116,565.3
508,589.9	485,600.9	489,859.2	515,525.3	655,178.0	548,450.8
<u>12,227,290.5</u>	<u>11,968,179.5</u>	<u>11,844,718.4</u>	<u>11,892,413.1</u>	<u>14,533,899.4</u>	<u>13,609,680.5</u>
\$ 2.727	\$ 2.727	\$ 2.673	\$ 2.673	\$ 2.284	\$ 2.085

**Water Rates
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Monthly base Rate ¹	Rate per 44 Units ²
2017	\$ 10.70	2.95
2016	9.05	2.79
2015	7.40	2.78
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

1. Monthly rates are based on 5/8" meter, which is the standard household meter size.

2. A unit is 748 gallons.

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

SCHEDULE 12

**Principal Water Customers
Current and Nine Years Ago**

Water Customer	2017		2008	
	Taxable Water Charges	Percentage of Total Water Revenues	Taxable Water Charges	Percentage of Total Water Revenues
Chroma Systems	\$ 507,975	1.06%	\$ 366,019	0.95%
Adohr Farms Inc	280,136	0.58%	205,121	0.53%
Fairview Villas	208,638	0.43%	324,398	0.84%
Power Circuits Inc.	197,155	0.41%	199,321	0.52%
County of Orange	193,327	0.40%	131,911	0.34%
Warwick Square Assoc. Inc.	140,620	0.29%	601,804	1.56%
Mac Arthur Village	134,631	0.28%	830,368	2.15%
Far West Management Corp	132,925	0.28%	208,581	0.54%
County of Orange	155,825	0.32%	117,335	0.30%
County of Orange	151,115	0.31%	-	-
Town Square Owners	-	-	190,911	0.49%
Total	\$ 2,102,348	4.36%	\$ 3,175,769	8.22%

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

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

Governmental Activities Debt					
Fiscal Year Ended June 30	Tax Allocation Bonds	Tax Allocation Refunding Bonds	Capital Leases	Certificates of Participation	
2017	\$ -	\$ -	\$ 3,999,230	\$ 58,317,539	
2016	-	-	4,627,003	59,735,041	
2015	-	-	4,255,657	61,082,543	
2014	-	-	-	62,375,045	
2013	-	-	166,487	72,032,547	
2012	-	-	1,565,275	73,600,049	
2011	84,275,000	20,912,721	2,930,437	75,102,551	
2010	18,010,000	22,716,810	4,342,004	76,540,053	
2009	18,520,000	24,440,902	5,705,163	76,850,720	
2008	19,020,000	26,094,991	8,516,932	77,146,652	
Fiscal Year Ended June 30	Lease Revenue Bonds	Refunding Revenue Bonds	Long Term Loans	Private Placement Financing	
2017	\$ 25,522,500	\$ -	\$ 3,750,566	\$ 33,835,000	
2016	28,362,500	-	1,999,507	37,720,000	
2015	31,035,000	-	2,136,062	41,475,000	
2014	33,550,000	-	822,967	45,060,000	
2013	71,778,997	-	352,396	-	
2012	76,357,998	-	1,708,894	-	
2011	80,721,999	-	7,633,917	-	
2010	84,906,000	64,930,000	8,006,082	-	
2009	88,929,999	69,750,000	8,328,862	-	
2008	92,794,000	74,335,000	7,050,475	-	
Business-type Activities					
Fiscal Year Ended June 30	Revenue Bonds Payable	Certificates of Participation	Refunding COP	Notes Payable	
2017	\$ 16,494,313	\$ -	\$ -	\$ 98,216	
2016	17,306,602	-	-	289,609	
2015	18,058,891	-	618,009	474,476	
2014	13,086,938	-	2,576,013	653,038	
2013	13,281,809	-	3,939,865	825,511	
2012	14,128,209	-	5,299,820	992,102	
2011	14,949,609	-	6,469,775	1,153,012	
2010	15,746,009	-	7,484,730	1,308,434	
2009	16,522,409	-	8,364,685	1,458,557	
2008	17,278,809	-	9,124,640	1,603,559	

SCHEDULE 13

Fiscal Year Ended June 30	Total		
	Total Primary Government	Percentage of Personal Income ²	Debt Per Capita ²
2017	\$ 142,017,364	\$ 0.07%	\$ 2,288
2016	150,040,262	0.08%	2,598
2015	159,135,638	0.09%	2,888
2014	158,124,001	0.09%	2,900
2013	162,377,612	0.10%	3,007
2012	173,652,347	0.11%	3,416
2011	294,149,021	0.20%	6,024
2010	303,990,122	0.21%	6,221
2009	318,871,297	0.21%	6,163
2008	332,965,058	0.22%	6,460

Source: City of Santa Ana 2008 - 2017 CAFRS

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

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

	Fiscal Year			
	2017	2016	2015	2014
Assessed valuation	23,886,126,355	23,013,226,208	22,075,383,494	21,119,683,205
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	5,971,531,589	5,753,306,552	5,518,845,874	5,279,920,801
Debt limit percentage ¹	10%	10%	10%	10%
Debt limit	597,153,159	575,330,655	551,884,587	527,992,080
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>597,153,159</u>	<u>575,330,655</u>	<u>551,884,587</u>	<u>527,992,080</u>
Total debt applicable to the limit as percentage of debt limit	0.0%	0.0%	0.0%	0.0%

Source: County of Orange Auditor-Controller's Office

1. This equates to be the 10% authorized by the Santa Ana Charter (Section 602) 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					
2013	2012	2011	2010	2009	2008
20,339,779,135	20,100,864,489	19,888,288,298	20,511,827,053	21,931,443,628	21,184,116,312
25%	25%	25%	25%	25%	25%
5,084,944,784	5,025,216,122	4,972,072,075	5,127,956,763	5,482,860,907	5,296,029,078
10%	10%	10%	10%	10%	10%
508,494,478	502,521,612	497,207,207	512,795,676	548,286,091	529,602,908
-	-	-	-	-	-
<u>508,494,478</u>	<u>502,521,612</u>	<u>497,207,207</u>	<u>512,795,676</u>	<u>548,286,091</u>	<u>529,602,908</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Direct and Overlapping Debt Fiscal Year 2017

<u>City of Santa Ana</u>			
2016-17 Assessed Valuation:	\$	23,886,126,355	
<u>Overlapping Tax and Assessment Debt:</u>	Total Debt	% Applicable	City's Share of
	6/30/17	(1)	Debt 06/30/17
Metropolitan Water District	\$ 74,905,000	0.923%	\$ 691,373
Coast Community College District	805,844,504	0.253%	2,038,787
Rancho Santiago Community College District	258,096,533	31.080%	80,216,402
Rancho Santiago Community College District SFID No. 1	57,025,000	56.724%	32,346,861
Garden Grove Unified School District	329,640,160	11.374%	37,493,272
Santa Ana Unified School District	265,510,216	61.750%	163,952,558
Tustin Unified School District Facilities Improvement District No 2002-1	46,550,254	12.408%	5,775,956
Tustin Unified School District Facilities Improvement District No 2008-1	88,340,000	12.820%	11,325,188
Tustin Unified School District Facilities Improvement District No 2012-1	27,720,000	8.713%	2,415,244
City of Santa Ana 1915 Act Bonds	1,585,000	100.000%	1,585,000
Total Overlapping Tax and Assessment Debt:			\$ 337,840,641
<u>Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	\$ 227,516,000	4.549%	\$ 10,349,703
Orange County Pension Fund Obligations	386,762,539	4.549%	17,593,828
Orange County Board of Education Certificates of Participation	14,440,000	4.549%	656,876
Coast Community College District Certificates of Participation	3,610,000	0.253%	9,133
Orange Unified School District Benefit Obligations	80,865,000	2.988%	2,416,246
Orange Unified School District Certificates of Participation	24,848,145	2.988%	742,463
Santa Ana Unified School District Certificates of Participation	75,937,067	61.750%	46,891,139
Total Overlapping General Fund Debt			\$ 78,659,388
<u>Direct Governmental Fund Debt (Net of Bond Discount/Premium):</u>			
City of Santa Ana Governmental Fund Obligations (2)			
Police Lease Revenue Bonds	25,522,500	100%	25,522,500
Private Placement Financing	33,835,000	100%	33,835,000
2007 Local Street Improvement Projects	58,317,539	100%	58,317,539
Capital Lease Obligations	3,999,230	100%	3,999,230
Long-Term Loans & Other Payable	3,750,566	100%	3,750,566
Total Direct Governmental Fund Debt			\$ 125,424,835
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	\$ 88,765,000	99.998-100.0%	\$ 89,094,149
Total Direct Debt			\$ 125,424,835
Total Overlapping Debt			\$ 505,594,178
Combined Total Debt			\$ 631,019,013 (2)

(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 2016-17 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.41%
Total Direct Debt (\$125,424,834).....	0.53%
Combined Total Debt.....	2.64%

Ratios to Redevelopment Incremental Valuation (\$6,195,566,887):

Total Overlapping Tax Increment Debt.....	1.44%
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Source: California Municipal Statistics, Inc. and City of Santa Ana

Pledged-Revenue Coverage¹
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017	\$ 51,658	\$ 44,256	\$ 7,401	665	700	5.42
2016	48,289	38,994	9,295	605	716	7.04
2015	45,812	42,045	3,767	930	578	2.50
2014	52,856	42,059	10,797	900	609	7.16
2013	51,339	41,557	9,782	880	638	6.44
2012	49,482	46,197	3,285	855	664	2.16
2011	47,783	44,917	2,866	830	688	1.89
2010	48,782	42,542	6,240	810	708	4.11
2009	47,338	38,734	8,604	790	729	5.67
2008	42,574	38,356	4,218	770	749	2.78

Source: City of Santa Ana 2008 - 2017 CAFRS

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

Operating expenses do not include interest or depreciation.

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

Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2016	341,341	\$ 196,920,661	\$ 62,071	4.0%
2015	342,930	183,052,341	57,749	4.5%
2014	335,264	173,305,650	55,096	5.5%
2013	331,953	169,792,810	54,519	6.2%
2012	329,915	166,634,101	54,008	7.6%
2011	327,731	155,259,397	50,839	8.8%
2010	324,528	147,358,664	48,826	9.5%
2009	357,754	145,968,001	48,865	8.8%
2008	355,662	153,028,089	51,741	5.3%
2007	353,184	151,102,207	51,542	3.9%

Sources:

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

SCHEDULE 18

**Principal Employers
Current and Nine Years Ago**

Employer	2017		2008	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
County of Orange	18,742	11.8%	10,822	7.3%
Santa Ana Unified School District	4,963	3.1%		
Santa Ana College	3,175	2.0%		
First American Title Co.	1,780	1.1%	2,200	1.5%
City of Santa Ana	1,491	0.9%		
KPC Healthcare (formerly Integrated Healthcare Holdings)	1,347	0.9%		
Superior Court of CA-County of Orange	766	0.5%		
United States Postal Service (3 locations)	516	0.3%	2,000	1.4%
Johnson & Johnson (Prev: Abbott Medical Optics Inc (AMO))	500	0.3%		
Yokohama Tire Corp	137	0.1%		
Ingram Micro	-	-	4,000	2.7%
Rancho Santiago Community Col	-	-	2,300	1.6%
Tenet Healthsystem Medical Inc.	-	-	1,500	1.0%
Ttm Printed Circuit Group Inc	-	-	1,500	1.0%
DMS - Services LLC	-	-	1,200	0.8%
Freedom Communications	-	-	900	0.6%
DMS Facility Services, Inc.	-	-	800	0.5%

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

Source: MuniServices, LLC

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

Function	Full-Time and Part-time Employees as of June 30			
	2017	2016	2015	2014
General government (1)	193	200	188	175
Cultural recreation and community services (2)	353	380	368	392
Public safety (3) (5)	604	597	585	596
Developmental services (4)	246	229	238	216
Community development	48	51	60	59
Total	1,444	1,457	1,439	1,438

1. Includes Human Resources and Finance

2. Includes Library

3. Includes Police and Fire

4. Includes Planning and Building, and Public Works

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

Source: City of Santa Ana Finance & Management Services Agency, Payroll Division.

SCHEDULE 19

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

2013	2012	2011	2010	2009	2008
164	165	178	192	203	232
401	390	396	395	404	459
635	654	877	896	934	973
223	222	256	246	281	326
69	74	90	94	111	121
<u>1,492</u>	<u>1,505</u>	<u>1,797</u>	<u>1,823</u>	<u>1,933</u>	<u>2,111</u>

Operating Indicators by Function Last Ten Fiscal Years

	2017	2016	2015
Police:			
Physical arrests	9,704	9,492	10,445
Parking citations issued	101,841	105,714	94,112
Traffic citations issued	11,184	11,325	9,378
Responses to 911 calls	148,390	131,197	159,530
Fire:			
Number of emergency calls-SAFD	-	-	-
Number of emergency calls-OCFA	25,074	23,455	21,392
Inspections-SAFD	N/A	N/A	N/A
Inspections-OCFA	1,267	2,862	2,686
Public Works:			
Streets:			
-Street resurfacing (miles)	-	-	-
-Pot holes repaired **	2,289	2,000	1,900
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	56	86	86
-Water mains breaks	26	19	15
-Average daily consumption (thousands of gallons)	29,700	29,300	32,700
Parks, recreation and community services:			
Athletic field permits issued	8,835	13,254	12,957
Number of recreation classes (subjects)	1,847	1,166	634
Number of facility rentals	652	1,021	1,166
Planning and Building:			
Number of building permits issued	3,213	3,513	3,325
Number of plan checks	2,635	2,661	2,762
Number of inspections	27,278	28,702	22,597
Number of demolition building permits	84	10	18
Value of construction (in thousands):			
-Commercial and industrial construction	8,243	20,046	60,624
-Residential construction	55,001	28,361	117,512
-Other additions and alterations	141,668	102,619	43,027

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

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

Source: City of Santa Ana

SCHEDULE 20

2014	2013	2012	2011	2010	2009	2008
10,273	12,100	6,456	11,645	11,313	12,975	13,841
72,464	72,129	36,709	82,737	87,827	94,792	103,817
7,886	10,210	6,816	12,873	17,989	20,154	26,233
165,505	168,362	90,644	150,057	24,986	25,009	25,616
-	-	14,817	18,360	17,808	17,859	10,645
19,303	18,961	4,024	N/A	N/A	N/A	N/A
N/A	N/A	2,890	4,931	5,124	3,985	2,033
2,616	1,075	-	N/A	N/A	N/A	N/A
-	-	-	-	-	94	10
24,200	20,400	24,500	23,750	25,000	25,000	27,440
N/A	N/A	N/A	N/A	N/A	N/A	1,025,000
N/A	N/A	N/A	N/A	N/A	N/A	620,000
8	8	8	8	8	8	N/A
5	5	5	5	5	5	N/A
27	36	61	22	35	52	89
17	15	25	35	41	19	21
35,200	35,000	34,000	33,400	34,900	36,700	38,400
11,619	10,773	9,229	8,781	8,890	9,871	9,139
415	496	186	172	151	158	127
1,250	1,466	2,872	2,722	3,014	3,335	3,002
2,131	2,417	2,347	2,355	2,032	2,215	3,112
2,292	3,147	2,220	1,561	1,405	1,571	2,672
20,884	19,813	21,077	24,185	23,168	39,147	48,687
16	12	43	27	17	12	42
8,494	22,255	9,564	12,278	2,544	6,571	14,069
6,720	33,918	30,744	11,695	1,408	951	7,170
87,656	88,436	76,961	73,671	55,008	43,132	69,403

Capital Assets Statistics by Function Last Ten Fiscal Years

	2017	2016	2015
Police:			
Stations	4	4	2
Fire:			
Fire stations	10	10	10
Public Works:			
Street (miles)	422	422	422
Streetlights *	2,909	2,871	2,861
Traffic Signals	299	297	297
Parks, Recreation and community services			
Number of parks	44	44	44
Number of libraries	2	2	2
Number of recreation facilities	17	17	18
Number of municipal swimming pools	5	5	5
Number of municipal tennis centers	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS
Number of miles of bike trails	13	13	13
Water:			
Water mains (miles)	480	480	480
Maximum daily capacity (thousands of gallons)	146,000	146,000	146,000
Number of water wells	20	20	20
Number of reservoirs	10	10	10
Number of hydrants	4,955	4,899	4,844
Sewer:			
Sewer mains (miles)	390	390	390

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

Source: City of Santa Ana

SCHEDULE 21

2014	2013	2012	2011	2010	2009	2008
2	3	3	2	2	2	2
10	10	10	10	10	10	10
422	422	422	421	425	425	425
1,872	1,822	1,805	1,789	1,630	1,606	1,606
297	297	297	292	285	285	282
44	41	35	35	35	35	35
2	2	2	2	2	2	2
18	18	17	17	17	17	17
5	5	5	5	5	5	5
2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS
13	13	11	11	11	11	11
480	480	481	478	478	488	488
146,000	146,000	146,000	146,000	146,000	146,000	146,000
20	20	20	20	20	20	20
10	10	10	10	10	10	10
4,826	4,815	4,815	4,812	4,812	4,779	4,943
390	390	390	390	390	390	390



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