

CITY OF SANTA ANA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019



1869 - 2019



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

2019

CITY OF SANTA ANA, CALIFORNIA

2019
Comprehensive Annual
Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared by
Finance & Management Services Agency



Comprehensive Annual Financial Report

Table of Contents

June 30, 2019

	<u>Page No.</u>
INTRODUCTORY SECTION (unaudited)	
Title Page	i
Table of Contents	iii
Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	10
Directory of City Officials	11
Table of Organization	13
FINANCIAL SECTION	
Independent Auditor’s Report	16
Management’s Discussion and Analysis (Required Supplementary Information).....	22
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	38
Statement of Activities	39
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	45
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	48
Statement of Revenues, Expenditures and Changes in Fund Balances.....	49
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	51
Proprietary Funds:	
Statement of Net Position.....	53
Statement of Revenues, Expenses and Changes in Fund Net Position.....	55
Statement of Cash Flows.....	57
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	61
Statement of Changes in Fiduciary Net Position.....	62
Notes to the Basic Financial Statements	
Note 1. Summary of Significant Accounting Policies.....	66
A. Reporting Entity	66
B. Government-wide and Fund Financial Statements	66
C. Measurement Focus, Basis of Accounting and Financial Statement Presentations	67
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances.....	70
E. New Accounting Pronouncements.....	75

Table of Contents *(continued)*

	<u>Page No.</u>
Note 2. Fund Deficits	75
Note 3. Detailed Notes on all Funds	76
A. Cash and Investments	76
B. Capital Assets	82
C. Interfund Receivables, Payables, Transfers and Advances.....	85
D. Long-Term Liabilities	87
E. Special Assessment Debt with No City Commitment.....	98
F. Other Bonds and Loan Programs	99
G. Commitments	101
Note 4. Other Information.....	103
A. Risk Management.....	103
B. Related Party Transactions	104
C. Contingent Liabilities	104
D. Joint Ventures.....	105
E. Defined Benefit Pension Plan	106
F. Supplementary Retirement Plan.....	114
G. Other Post-Employment Benefits Plan.....	119
H. Classification of Fund Balances	123
 Required Supplementary Information	
Budgetary Comparison Schedules:	
General Fund.....	128
Special Revenue Housing Authority Fund.....	129
Special Revenue Gas Tax Fund	130
Notes to Required Supplementary Information.....	131
Miscellaneous and Safety Plans Schedule of Changes in Net Pension Liability and Related Ratios Last Ten Fiscal Years.....	133
Miscellaneous and Safety Plans Schedule of Plan Contributions Last Ten Fiscal Years.....	135
Supplementary Retirement Plan Schedule of Changes in Net Pension Liability and Related Ratios Last Ten Fiscal Years.....	137
Supplementary Retirement Plan Schedule of Employer Contributions Last Ten Fiscal Years	139
Schedule of Changes in the Total OPEB Liability and Related Ratios Last Ten Fiscal Years	140
 Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	144
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	145
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	147
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	149
 Budgetary Comparison Schedules for Certain Special Revenue Funds:	
Sewer Connection Fee.....	150
Civic Center Maintenance	151
Inmate Welfare	152
Air Quality Improvement	153
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	155

Table of Contents *(continued)*

	<u>Page No.</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	157
Nonmajor Enterprise Funds:	
Combining Statement of Net Position	161
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	163
Combining Statement of Cash Flows	165
Internal Service Funds:	
Combining Statement of Net Position	171
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	175
Combining Statement of Cash Flows	179
Agency Funds:	
Combining Statement of Assets and Liabilities	183
Combining Statement of Changes in Assets and Liabilities	185

STATISTICAL SECTION (unaudited)

	<u>Table No.</u>	
Statistical Section Table of Contents		190
Net Position by Component - Last Ten Fiscal Years	1	191
Changes in Net Position - Last Ten Fiscal Years	2	193
Fund Balances of Governmental Funds – Last Ten Fiscal Years	3	199
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	4	201
Assessed Value and Estimated Actual Value of Taxable Property –		
Last Ten Fiscal Years	5	203
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	6	205
Property Tax Levies and Collections – Last Ten Fiscal Years	7	207
Taxable Sales by Category – Last Ten Fiscal Years	8	209
Principal Property Tax Remitters – Current and Nine Fiscal Years Ago	9	211
Water Sold by Type of Customers – Last Ten Fiscal Years	10	213
Water Rates- Last Ten Fiscal Years	11	215
Principal Water Customers – Current and Nine Years Ago	12	216
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	13	217
Legal Debt Margin Information – Last Ten Fiscal Years	14	219
Direct and Overlapping Debt - Fiscal Year 2018	15	221
Pledged - Revenue Coverage – Last Ten Fiscal Years	16	222
Demographic and Economic Statistics – Last Ten Calendar Years	17	223
Principal Employers – Current and Nine Years Ago	18	224
Full-time and Part-time City Employees by Function –		
Last Ten Fiscal Years	19	225
Operating Indicators by Function – Last Ten Fiscal Years	20	227
Capital Assets Statistics by Function – Last Ten Fiscal Years	21	229



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

MAYOR
Miguel A. Pulido
MAYOR PRO TEM
Juan Villegas
COUNCILMEMBERS
Cecilia Iglesias
David Penalzoa
Vicente Sarmiento
Jose Solorio



CITY MANAGER
Kristine Ridge
CITY ATTORNEY
Sonia R. Carvalho
CLERK OF THE COUNCIL
Daisy Gomez

CITY OF SANTA ANA

20 Civic Center Plaza • P.O. Box 1988
Santa Ana, California 92702
www.santa-ana.org

December 3, 2019

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, 2019. State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles 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.

White Nelson Diehl Evans LLP (WNDE), a firm of certified public accountants, has audited the City's financial statements. The auditors have issued unmodified opinions on these financial statements. Such opinions state that the City adhered to the applicable accounting regulations appropriately and that the financial report is fairly presented in all material respects in accordance with GAAP. 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

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

Juan Villegas
Mayor Pro Tem, Ward 5
jvillegas@santa-ana.org

Vicente Sarmiento
Ward 1
vsarmiento@santa-ana.org

David Penalzoa
Ward 2
dpenalzoa@santa-ana.org

Jose Solorio
Ward 3
jsolorio@santa-ana.org

Vacant
Ward 4

Cecilia Iglesias
Ward 6
ciglesias@santa-ana.org

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, 2019 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, 2019 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, 2019, 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 audited financial statements. The Single Audit report will be available upon request from the City's Finance & Management Services Agency.

City Profile

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 over eighteen million people. Santa Ana is 57th most populous City in the nation according to the 2010 Census data and the 11th largest City in the State.

Moreover, Santa Ana is both the County seat and the second most populous city in Orange County occupying 27.3 square miles and serving a population of 337,716. Centrally located within Orange County, the City houses both State and Federal agencies, County Administration, County Court functions and the Ronald Reagan Federal Building and Courthouse within its civic center complex. The current Office of Management and Budget metropolitan designation for the Orange County Area is Santa Ana–Anaheim–Irvine.

In 1952, the City was established as a charter city and adopted the council-manager form of government. Policy-making and legislative authority is 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.

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. The City Manager is also responsible for developing and recommending the City's budget, which is submitted to the City Council for approval.

City Profile (continued)

The City provides a full range of municipal services, including police, 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. The City has also contracted the Orange County Fire Authority and CARE Ambulance Service to provide fire suppression and emergency medical services, respectively. Additionally, the City administers 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.

Santa Ana is home to many attractive amenities such as the MainPlace 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 Tierra de las Pampas and the Conservation Carrousel featuring endangered animals. Santa Ana boasts many unique shops, premier restaurants and artist galleries in the Historic Downtown Santa Ana area.

The City 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. Mater Dei is nationally recognized in athletics while the Orange County School of the Arts is highly recognized in music, dance and theatre.

The Santa Ana Unified School District houses the most Charter schools within Orange County. The District offers various programs to improve student outcomes and strengthen a learning environment focused on raising the achievement of all students and preparing them for success in college and career.

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

Local Economy

The City is located within the Los Angeles-Long Beach-Santa Ana Metropolitan area. The area is the second 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 30,000 businesses 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 MainPlace 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. The top ten employers comprise approximately 22.5% of total employment in the City. Top employer industries include government, education, real estate, and healthcare.

Additionally, the City's general economic base includes transportation, business-to-business, food products, construction and general retail. 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, new auto-sales, service stations, building materials-wholesale, and miscellaneous retail. These segments demonstrate the continued growth of Santa Ana as a point of destination.

Local Economy (continued)

The City is currently experiencing modest economic growth within its revenue sources such as; sales tax, property tax, property tax in-lieu of vehicle license fees, business license, and hotel visitors tax. The City continues efforts to increase economic activity and assessed valuations for real property by actively exploring and promoting major developments. Some of notable projects are 3rd and Broadway mixed-use building project, Bowery apartment and commercial space project, the potential redevelopment of the Willowick site, and MainPlace Mall Transformation project. The City anticipates that completion of these major projects will increase the City's future revenue base providing the City a stable and reliable source of income.

Economic Condition and Outlook

Staff projected a deficit approximating \$10.2 million for the fiscal year 2018-19 General Fund. However, the fund balance increased \$9.1 million largely attributable to increased sales tax shared revenue as a result of the passage of Measure X. Measure X increased the City's sales tax by one and a half (1.5) cents, which sunsets in 2029, and is estimated to provide annually approximately \$60 million in additional sales tax revenue. Furthermore, Measure X also allows for a one (1.0) cent increase from 2030 until 2039 which is estimated to provide approximately \$40 million annually. Other higher than anticipated revenue sources received by the City during fiscal year 2018-19 were adult-use retail cannabis revenue as well as rebate for its Streetlight project.

In May 2017, City staff developed and presented a three-year General Fund financial projection (Forecast). Mid-term and long-term forecast are useful tools and a financial management best practice to provide policy makers a road map guiding strategic decision-making. Key elements for the 2017 forecast included but not limited to moderate revenue growth within its six major sources of revenue such as Sales Tax, Property Tax, and Business License Tax, retirement and health insurance costs, salary negotiations, deferred maintenance costs, and liability insurance premium increases. The forecast reflected a projected deficit in the upcoming fiscal years. In order to address the projected deficit and minimize the use of one-time funds, the City Council has passed several key measures in recent years; augmentation of Cannabis regulation, awarding of new Federal contracts regarding the housing of inmates at the City's Jail, and a Sales Tax ballot initiative (Measure X). The voters approved Measure X in November 2018.

The City continues to leverage the positive economic climate 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. Both the Santa Ana Auto and MainPlace Malls continue to be a major economic engine for the City. Because of these partnerships, the following programs and related accomplishments have been achieved:

- Business Outreach & Retention Team
 - Partnered with non-profits, other government agencies, stakeholders, and programs to retain and attract business investment in the City of Santa Ana
 - Assisted over dozens of companies to help locate or relocate within the City and assisted them through the Planning and Building Process

- Economic Development Team
 - Small business development through workshops and incentive program
 - Partnership with the Santa Ana Chamber of Commerce resulted in the outreach of over 360 businesses

Economic Condition and Outlook (continued)

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

City Financial Stability

- Refinancing the 2003 A&B and 2011A Tax Allocation Bonds
 - Total City debt service savings of \$2.7 million
 - Finalized in November 2018
- Refinancing the 2007 Gas Tax Revenue Certificate of Participation
 - Total City estimated debt service savings of \$18.9 million
 - Expected to be finalized in December 2019

Residential

- Housing Development Services
 - \$6 million awarded to develop 196 units of affordable housing across four projects: Frances Xavier, Legacy Square, North Harbor Village, and Lacy & Vance
- The Bridging the Aqua
 - 57 residential units for homeless individuals located at 317 17th Street
 - Currently under construction

Commercial

- Envision Willowick
 - Joint collaboration with the City of Garden Grove on redevelopment of the 100-acre Willowick Golf Course located at 3017 W 5th Street
 - Acquisition and development proposals are being evaluated
- MainPlace Mall Transformation Project
 - 1,900 residential units located at 2800 North Main Street
 - 400 Hotel rooms, 1.4 million square foot of commercial space
 - Specific Plan approved
- Holiday Inn Express & Suites Santa Ana
 - 165- room hotel located at 1600 E. 1st Street
 - On-site business/fitness centers
 - Opened in August 2018
- First Harbor Plaza (Opportunity Zone project)
 - 40,000 square foot mixed use development located at the corner of First and Harbor
 - Construction scheduled to begin in the third quarter of fiscal year 2019-20
- The Hampton Inn
 - 73,322 square foot 6 story/120-room hotel located at 2129 North Main Street
 - Entitlements approved

Economic Condition and Outlook (continued)

The Tax Cuts and Jobs Act of 2017 established Santa Ana's Opportunity Zone, which encompasses approximately 22% of the City, as a mechanism to provide tax incentives for investment in designated census tracts. The City is looking for future investments that will provide a substantial economic return for its business and resident community.

In the upcoming fiscal year, the City will strive to continue momentum in spurring economic development via working with developers and businesses to build new hotels, residential and commercial buildings 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, City Council expanded cannabis program to include commercial cannabis uses reflect further revenue enhancements. Furthermore, the City has completed various 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 debt service costs, examining fees to ensure the City maximizes its cost recovery, and partnering with the Orange County Fire Authority for the delivery of Fire and Emergency Medical services.

At the end of fiscal year 2018-19, the City continued to maintain its operating reserves for its General Fund expenditures along with maintenance of its economic uncertainty account. The City 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 established an operating expense reserve for its various enterprise and internal services funds.

The City is currently in the process of issuing 2019 Gas Tax Revenue Bonds to refinance its existing 2007 Gas Tax Revenue Certificates of Participation. The refinancing is expected to generate over \$18.9 million in cash flow savings over the life of the bonds.

Public pensions and their sustainability have a significant impact on the City's future financial condition. The City is exploring various options to reduce future pension cost.

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.

Relevant Financial Policies

In 2017, the City Council updated 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). The policy defines 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 2018-19, the City continues to maintain a reserve for the General Fund, which totals approximately \$44.9 million (greater than 16.67 operating surplus requirement per the adopted policy) 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 accomplished during fiscal year 2018-19 follow:

- The Successor Agency to the Santa Ana Redevelopment Agency was issued an “AA” rating related to its refinancing of existing Tax Allocation Bonds. The refinancing closed on November 8, 2018 and generated approximately \$3.5 million in debt service savings.
- The City was issued an “AA-” rating related to its refinancing of existing Gas Tax Revenue Certificates of Participation. The refinancing is expected to be closed in December 2019 and generate approximately \$18.9 million in debt service savings.
- The City Council established Measure X Citizens Oversight Committee to provide oversight of sales tax revenues generated by Measure X.
- The Public Works Agency completed various projects including but not limited to the following: resurfacing of City arterial and residential streets; providing safety improvements for pedestrians and bicyclists such as various traffic light/synchronizations improvement; and the continued improvements of City roadways such as the Bristol widening project via the creation of an additional lane and a corresponding bikeway.
- The Police Department continued its community oriented policing efforts in partnership with the community and implemented an aggressive hiring strategy to fill its vacant Police Officer positions.
- The Police Department continued to make a concerted effort to maintain the community’s investment in its Police Department facilities, which included completion of an efficient lighting retrofit project, Evidence refrigerator/freezer replacement project, and water meter and boiler replacements.
- The Parks, Recreation & Community Services Agency was successful in obtaining a \$5 million State grant and \$2.5 million additional Federal grant and park development funding to develop Roosevelt Walker Community Center and Park.
- The Parks, Recreation & Community Services Agency was successful in obtaining a grant under the Housing Related Parks Program to construct the new Mariposa Park.
- The Parks, Recreation & Community Services Agency redirected funding to increase the removal of unsafe, dead, and diseased trees from various parks.
- The Community Development Agency continues administering a \$35 million Affordable Housing Program along with developing more affordable housing options.

- In collaboration with Mercy House Living Centers, Inc. the Community Development Agency, Public Works Agency, Planning and Building Agency along with other City Departments constructed a 200-bed interim homeless shelter called “The Link”.
- The Finance and Management Services Agency implemented enhanced budget software program to assist City Departments to develop the budget in a more timely and efficient manner.
- The Finance and Management Services Agency updated the Internal Service Funds Cost Allocation Methodology and undertook a project to update Citywide Cost Allocation Plan.
- The Information Technology Agency completed the City website redesign and implementation of the website Content Management System.

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, 2018. The City has received this prestigious award for forty-one 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.

The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the Finance and Management Services Agency, 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 unflinching leadership and support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Kristine Ridge
City Manager



Kathryn Downs, CPA
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, 2018



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, 2018

Christopher P. Morill

Executive Director/CEO

Directory of City Officials

June 30, 2019



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



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

**Ward
1**



**Councilmember
David Peñaloza**
dpenaloza@santa-ana.org

**Ward
2**



**Councilmember
Jose Solorio**
jsolorio@santa-ana.org

**Ward
3**



**Mayor Pro Tem
Juan Villegas**
jvillegas@santa-ana.org

**Ward
5**



**Councilmember
Cecilia Iglesias**
ciglesias@santa-ana.org

**Ward
6**

Vacant

**Ward
4**

Directory of City Officials

June 30, 2019

DAISY GOMEZ
CLERK OF THE COUNCIL

KRISTINE RIDGE
CITY MANAGER

SONIA R. CARVALHO
CITY ATTORNEY

COMMUNITY DEVELOPMENT AGENCY

STEVEN MENDOZA
EXECUTIVE DIRECTOR

FINANCE & MANAGEMENT SERVICES

KATHRYN DOWNS
EXECUTIVE DIRECTOR

HUMAN RESOURCES

STEVEN PHAM
EXECUTIVE DIRECTOR

INFORMATION TECHNOLOGY

JACK CIULLA
CHIEF TECHNOLOGY INNOVATIONS OFFICER

LIBRARY

YOLANDA MORENO
INTERIM LIBRARY SERVICES DIRECTOR

PARKS, RECREATION & COMMUNITY SERVICES

LISA RUDLOFF
EXECUTIVE DIRECTOR

PLANNING & BUILDING AGENCY

MINH THAI
EXECUTIVE DIRECTOR

POLICE DEPARTMENT

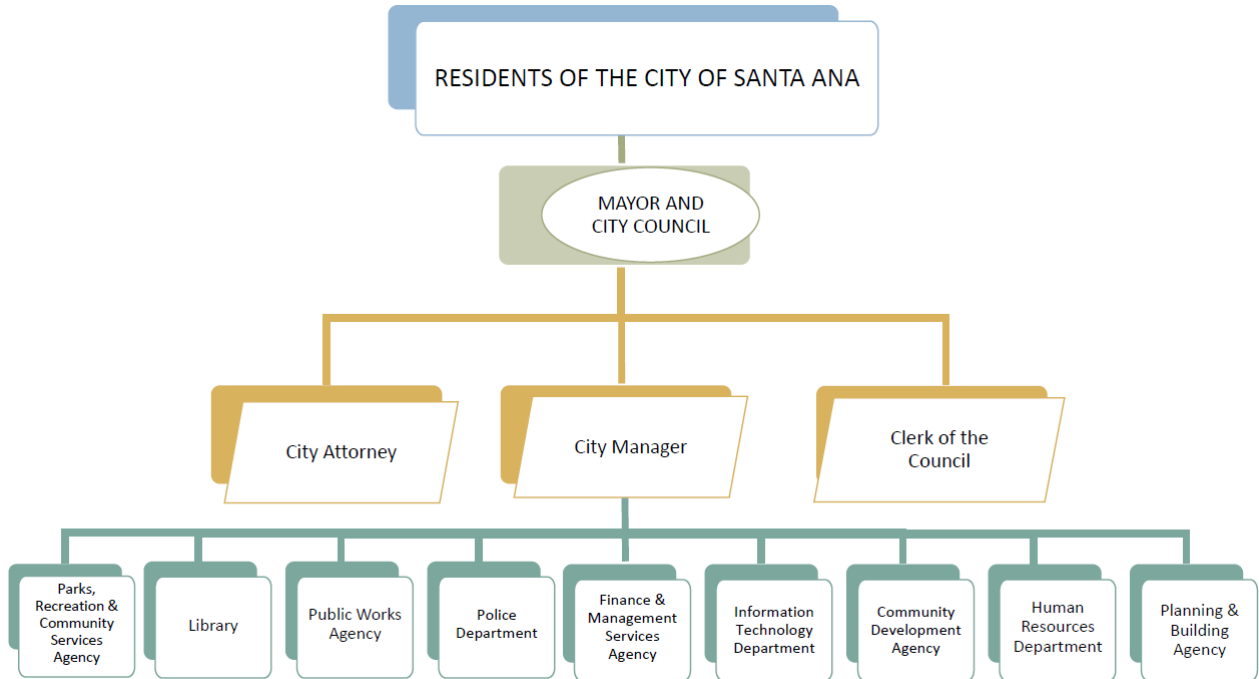
DAVID VALENTIN
POLICE CHIEF

PUBLIC WORKS AGENCY

FUAD SWEISS
EXECUTIVE DIRECTOR

Table of Organization

Fiscal Year 2018-2019



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, 2019, 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, 2019 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 Related Ratios and Schedule of Plan Contributions for the Miscellaneous, Safety, and Supplementary Retirement Plans, and Schedule of Changes in the Total OPEB Liability and Related Ratios, 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 3, 2019, 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 3, 2019

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, 2019. 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, 2019 by \$711.3 million (net position). The net position consists of the following amounts: \$990.9 million is net investment in capital assets, \$191.6 million is restricted for various programs and a deficit of \$(471.2) million is unrestricted. Similar to other cities in California, the City's unrestricted net position was negatively impacted with the implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), which required the City to record its unfunded liabilities for pension plans and other postemployment benefits (OPEB) plan in which it participates. The City's total net pension liability and OPEB liability were \$632.4 million and \$56.7 million respectively at the close of the current fiscal year. More information on the City's pension and OPEB plans can be found in Note 4 on pages 106 to 122 of this report.
- The City's total Cash and Investments (including restricted assets) increased \$30.4 million (10.6 %) from fiscal year 2017-18 totaling \$318.1 million. The increase is largely as a result of \$13.6 million additional sales tax shared revenue received for Measure X, the City's voter approved sales tax measure, and \$23.2 million of contribution received from the Orange County Sanitation District for the transfer of certain local sewer systems.
- The City's total capital assets increased \$9.3 million (0.8%). Capital assets in the governmental activities increased \$6.5 million (0.7%) and business-type activities capital assets increased \$2.9 (2.3%) million during the current fiscal year largely as a result of infrastructure segments related to capital projects such as the Warner Avenue improvements project and Bristol Street widening project.
- The City's total long-term liabilities including net pension liability, total OPEB liability and claims payable decreased \$6.7 million (0.8%) during the current fiscal year mainly attributable to \$9.9 million principal repayment of existing debt.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$230.8 million, an increase of \$16.7 million (7.8%) as compared to the prior fiscal year. Of this amount, \$69.1 million or approximately 29.9% of total fund balances are available for spending at the City's discretion (assigned and unassigned fund balance). The City's restricted net position of \$161.7 million (70.1%) represents amounts available for ongoing programs with external restrictions.
- As of June 30, 2019, the combined restricted and assigned fund balance for the General Fund was \$12.8 million (17.0%). The remaining amount of fund balance designated as unassigned was \$62.6 million (83.0%). However, included within the unassigned fund balance are the operating reserve of \$44.9 (16.7% of General Fund revenues) million and economic uncertainty reserve of \$3.8 million (1.4% of General Fund revenues). The remaining \$13.9 million unassigned fund balance is classified as an unallocated amount, meaning it is available to appropriate for any purpose at the City Council's discretion.

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 38-40 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 45-51 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 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 53-60 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 61-62 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 66-124 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, Schedule of Changes in the Total OPEB Liability and Related Ratios. Required supplementary information can be found on pages 128-140 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 \$711.3 million at the close of fiscal year 2018-19 reflecting a positive net position.

The largest portion of the City's net position (\$990.9 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, due to the fact capital assets themselves cannot be used to liquidate these liabilities.

The second largest portion of the City's net position (\$191.6 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, subject to federal and state laws and regulations. Significant liabilities recorded for both the pensions and OPEB with the implementation of GASB 68 and GASB 75 contributed to a negative unrestricted net position of \$ (471.2) million.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 385.6	\$ 361.5	\$ 115.8	\$ 88.2	\$ 501.4	\$ 449.7
Capital assets	977.9	971.4	128.2	125.4	1,106.1	1,096.8
Total assets	<u>1,363.5</u>	<u>1,332.9</u>	<u>244.0</u>	<u>213.6</u>	<u>1,607.5</u>	<u>1,546.5</u>
Deferred outflows of resources:						
Unamortized loss on bond defeasance	3.9	4.7	0.3	0.4	4.2	5.1
Deferred amounts on pension plans	67.5	118.0	4.0	6.7	71.5	124.7
Deferred amounts on OPEB plan	2.6	1.7	0.4	0.2	3.0	1.9
Total deferred outflows of resource	<u>74.0</u>	<u>124.4</u>	<u>4.7</u>	<u>7.3</u>	<u>78.7</u>	<u>131.7</u>
Liabilities:						
Long-term liabilities	825.7	831.8	56.9	57.5	882.6	889.3
Other liabilities	70.6	69.0	12.6	17.1	83.2	86.1
Total liabilities	<u>896.3</u>	<u>900.8</u>	<u>69.5</u>	<u>74.6</u>	<u>965.8</u>	<u>975.4</u>
Deferred inflows of resources:						
Deferred amounts on pension plans	6.7	12.2	0.5	0.7	7.2	12.9
Deferred amounts on OPEB plan	1.7	2.4	0.2	0.4	1.9	2.80
Total deferred inflows of resources	<u>8.4</u>	<u>14.6</u>	<u>0.7</u>	<u>1.1</u>	<u>9.1</u>	<u>15.7</u>
Net position:						
Net investment in capital assets	877.2	867.3	113.7	109.8	990.9	977.1
Restricted	189.1	176.0	2.5	2.3	191.6	178.3
Unrestricted	(533.5)	(501.4)	62.3	33.1	(471.2)	(468.3)
Total net position	<u>\$ 532.8</u>	<u>\$ 541.9</u>	<u>\$ 178.5</u>	<u>\$ 145.2</u>	<u>\$ 711.3</u>	<u>\$ 687.1</u>

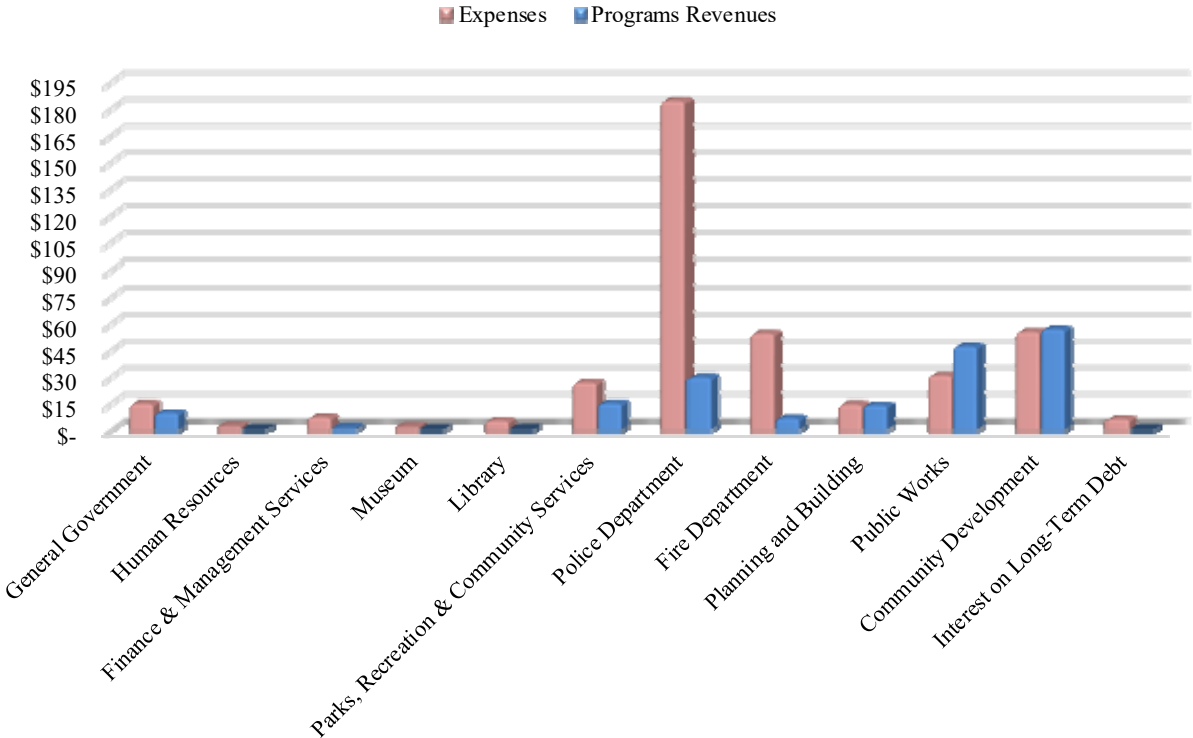
Governmental activities. Governmental activities decreased the City’s net position by \$9.1 million compared to the prior fiscal year. Governmental expenses increased \$6.0 million (1.5%) during the current fiscal year compared to fiscal year 2017-18. Public safety (Police and Fire) expenses are the most significant (59.1%) of all governmental activities expenses, followed by Community Development (13.7%), Public Works (7.6%), Recreation and Community Services (6.6%), General Government (3.7%), Planning and Building (3.6%), interest on long-term debt (1.6%), and various other programs (4.1%). The increase is largely attributable to the rise in Police Department expenditures related to field operations, jail operations, and the cannabis program. The increase in Police Department expenditures is mainly due to employee compensation increase.

Governmental revenues increased \$49.1 million (14.2%) during the current fiscal year. Key elements related to the increase were \$13.6 million of Measure X sales tax shared revenue, \$5.4 million increase in Sales Tax revenue, and \$5.2 million increase related to jail facility revenue due to US Marshals contract. The City also reported higher charges for services, operating grants and contributions, property taxes and business taxes as compared to fiscal year 2017-18.

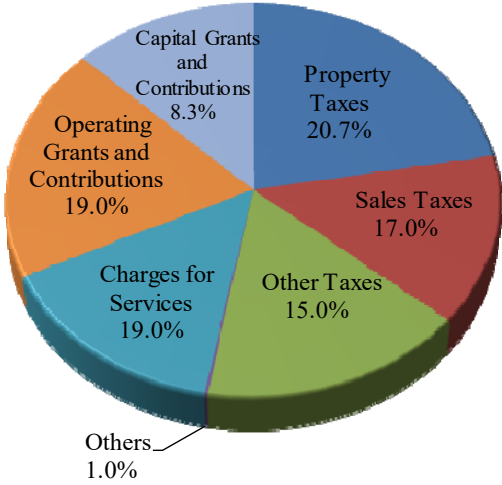
**City of Santa Ana
Changes in Net Position**

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 74.2	\$ 51.8	\$ 96.9	\$ 93.8	\$ 171.1	\$ 145.6
Operating grants and contributions	74.2	66.4	0.2	0.4	74.4	66.8
Capital grants and contributions	32.2	44.3	23.8	1.0	56.0	45.3
General revenues:						
Property taxes	81.6	76.6	-	-	81.6	76.6
Hotels visitors taxes	9.4	9.2	-	-	9.4	9.2
Utility users taxes	22.6	23.9	-	-	22.6	23.9
Business taxes	18.8	14.9	-	-	18.8	14.9
Franchise taxes	8.3	8.3	-	-	8.3	8.3
Other taxes	1.2	1.3	-	-	1.2	1.3
Intergovernmental, unrestricted:						
Motor vehicle licenses	0.2	0.2	-	-	0.2	0.2
State mandated costs & reimburseme	0.6	0.3	-	-	0.6	0.3
Sales tax shared revenue	67.2	48.1	-	-	67.2	48.1
Investment income (loss)	4.2	0.3	3.0	0.1	7.2	0.4
Total revenues	394.7	345.6	123.9	95.3	518.6	440.9
Expenses:						
General government	14.9	14.5	-	-	14.9	14.5
Human resources	2.3	2.1	-	-	2.3	2.1
Finance and management services	7.2	7.4	-	-	7.2	7.4
Museum	1.9	2.0	-	-	1.9	2.0
Library	5.3	5.1	-	-	5.3	5.1
Recreation and community services	26.8	29.5	-	-	26.8	29.5
Police department	184.3	179.4	-	-	184.3	179.4
Fire department	54.4	52.8	-	-	54.4	52.8
Planning and building	14.4	13.6	-	-	14.4	13.6
Public works	30.7	29.7	-	-	30.7	29.7
Community development	55.3	55.1	-	-	55.3	55.1
Interest on long-term debt	6.3	6.6	-	-	6.3	6.6
Water	-	-	48.9	49.8	48.9	49.8
Parking	-	-	6.5	5.6	6.5	5.6
Sewer	-	-	6.4	5.6	6.4	5.6
Sanitation	-	-	6.6	7.1	6.6	7.1
Refuse collections	-	-	18.0	18.0	18.0	18.0
Transportation center	-	-	1.4	1.5	1.4	1.5
Federal clean water protection	-	-	2.8	2.8	2.8	2.8
Total expenses	403.8	397.8	90.6	90.4	494.4	488.2
Change in net position	(9.1)	(52.2)	33.3	4.9	24.2	(47.3)
Net position beginning	541.9	594.1	145.2	140.3	687.1	734.4
Net position ending	\$ 532.8	\$ 541.9	\$ 178.5	\$ 145.2	\$ 711.3	\$ 687.1

Expenses and Program Revenues – Governmental Activities



Revenue by Source – Governmental Activities

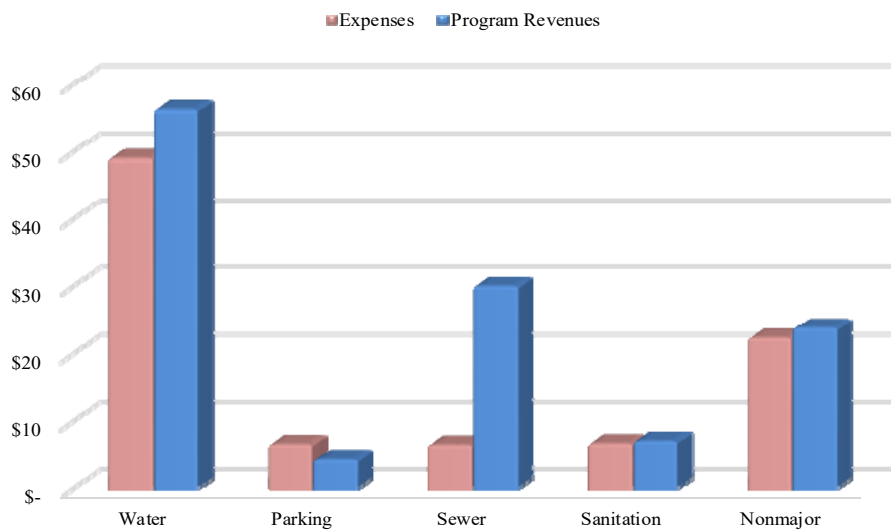


Business-type activities. Business-type activities increased the City’s net position by \$33.3 million in comparison to the previous fiscal year. The increase is as a result of charges for services continuing to outpace expenses, specifically the following:

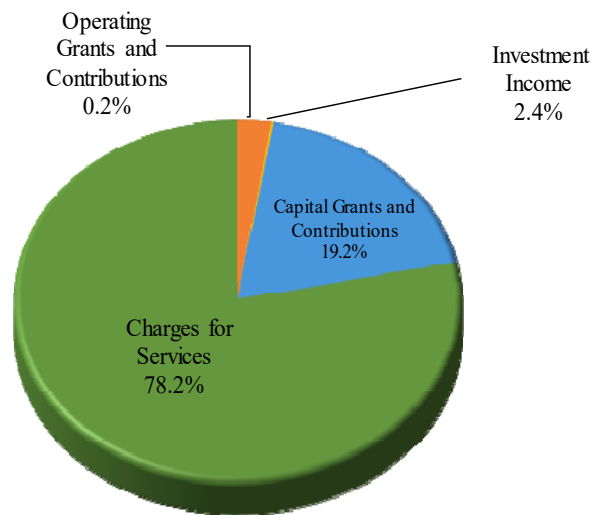
- The Water Fund net position increased \$7.7 million primarily due to an increase in meter charges, a one-time recognition of revenue of unclaimed deposits, and a slight increase in rental property payments. In addition, there was a decrease in wholesale water purchases and an overall decrease in administrative charge from the City departments.

- The Parking Fund net position decreased \$2.4 million primarily due to capital expenditures for the Downtown Enhancements and Parking Modernization Plan projects.
- The Sewer Fund net position increased \$23.9 million primarily due to the Orange County Sanitation District transfer of certain local sewer systems, totaling approximately 8.5 miles of sewer main, along with their associated capital funds, totaling \$23.2 million.
- The Sanitation Fund net position did not have any significant changes during the current fiscal year.
- Total expenses for business-type activities did not increase significantly compared to the prior fiscal year.

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 \$230.8 million of which \$58.4 million constitutes the *unassigned fund balance*. The Special Revenue Grants Fund, the Civic Center Maintenance Fund, and the Capital Grants Fund reported negative unassigned fund balances due to timing of receipts, which did not meet the revenue recognition criteria for governmental funds. The remainder of the total governmental fund balance is allocated as follows: 1) \$10.7 million assigned to both contractual obligations and continuing projects; 2) \$161.7 million is restricted by law or contractual agreements with other agencies for specific spending; and 3) \$0.02 million is for non-spendable items, such as prepaid expenses.

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 \$75.4 million (\$2.1 million is restricted; \$10.7 million is assigned for various programs and services; and the unassigned amount of \$62.6 million which includes the City's Operating Reserve, Economic Uncertainty Reserve, and one-time funds).

The General Fund's total revenues increased \$41.6 million as compared to the prior fiscal year primarily due to a higher sales tax shared revenue as a result of Measure X and an increase in revenues related to the cannabis program. During the current fiscal year, property taxes, business taxes, and hotel visitors taxes increased by \$5.0 million, \$3.9 million, and \$0.2 million respectively as compared to the prior fiscal year. However, the City received less than projected utility users taxes.

The General Fund's total expenditures increased \$23.1 million as compared to the prior fiscal year primarily due to an increase in the total salaries and pension costs. During the current fiscal year, the City's General Fund expenditures were less than budget. However, actual expenditures increased year over year as a result of the City providing its employees cost of living adjustment and an increase in the total CalPERS retirement costs. The City also incurred significant capital outlay expenditures for projects including but not limited to the Streetlight Acquisition & Upgrade Project and Bristol Street Widening Project.

As a measure of General Fund liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. The Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures, roughly a 15% to 20% reserve level. The City's unassigned fund balance in the General Fund is approximately 23.4% (\$63.1 million) of total fiscal year 2018-19 General Fund expenditures and transfers out.

The Special Revenue Grants' ending fund balance increased \$2.9 million during the current fiscal year. The increase was primarily due to the new Homeless Emergency Aid Program (HEAP) funding received in order to help address the on-going homelessness challenges within the City.

The Special Revenue Housing Authority ending balance increased \$0.4 million during the current fiscal year as a result of slight increase in revenue associated with growth of the Housing Choice Vouchers Program.

The Special Revenue Gas Tax fund ending fund balance increased \$6.4 million during the current fiscal year. The City received \$6.6 million for the Road Maintenance & Rehab Account (RMRA) program and SB 1 loan payment from the State, which will be used for road repair and improvement projects in future years.

The Capital Projects Housing Successor Agency fund balance decreased \$3.6 million – an improvement from the fiscal year 17-18 decrease of \$6.3 million largely as a result of no new significant loans having been issued. Revenue sources for this fund are limited in that they are largely dependent on interest paid on previously funded housing loans, principal loan repayment of said loans, and a small amount coming from rental property.

The Capital Projects Street Construction fund balance decreased \$8.1 million during the current fiscal year. The decrease was mainly attributable to a decrease of intergovernmental revenues. Many of the capital projects are funded by reimbursement grants and a significant portion of the reimbursements was not received within the revenue availability period at year-end. The most notable capital improvement projects are discussed in the government-wide financial analysis of governmental activities.

The Debt Service Santa Ana Financing Authority fund balanced increased \$0.02 million as compared to fiscal year 2017-18 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 most significant factors of each fund's 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 \$29.2 million for a total amount of \$62.3 million. The increase is largely as a result of the Orange County Sanitation District transfer of their associated capital funds, totaling \$23.2 million.

General Fund Budgetary Highlights

During the year, there was an increase totaling \$12.9 million between the original and final amended budgeted revenues. The amendment was largely as a result of an increase Intergovernmental Revenues in the amount of \$18.5 million related to the voter passage of a transaction and use tax (\$15.0 million for Measure X) and higher than anticipated sales tax revenue (\$3.4 million for Bradley Burns). However, due to lower than anticipated License and Permits, revenues were also adjusted by \$6.1 million overall. The decrease is largely as a result of lower than anticipated Commercial and Medical Cannabis (\$9.1 million), which offset increase to both Business and Hotel Visitor's taxes in the amount of \$1.6 million.

The city also approved appropriations in the amount of \$2.0 million for roadway maintenance, \$1.0 million for additional youth spending set-aside from the Cannabis Public Benefit Fund, and \$1.0 million for Quality of Life Team (QOLT) homeless activities.

Actual General Fund revenues were \$3.6 million more than the final budget or 1.3%. The shortfall was largely as a result of the City's property tax revenue being \$1.1 million higher than projected. In addition, the City's total adult-use cannabis revenue was approximately \$1.1 million more than the final budget.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities was \$1,106.2 million (net of accumulated depreciation) as of June 30, 2019. 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			
	2019	2018	2019	2018	2019	2018
Land	\$ 17.5	\$ 17.5	\$ 9.3	\$ 9.3	\$ 26.8	\$ 26.8
Right of way	493.7	493.7	-	-	493.7	493.7
Street trees	8.1	8.1	-	-	8.1	8.1
Construction in progress	108.8	93.5	14.5	15.1	123.3	108.6
Buildings	47.6	53.0	1.2	1.5	48.8	54.5
Improvements	48.3	46.8	85.7	84.5	134.0	131.3
Equipment	10.8	11.3	6.0	5.9	16.8	17.2
Infrastructure	240.1	244.0	11.4	8.9	251.5	252.9
Library materials	0.8	0.9	-	-	0.8	0.9
Computer software	2.2	2.6	0.2	0.2	2.4	2.8
Total	\$ 977.9	\$ 971.4	\$ 128.3	\$ 125.4	\$ 1,106.2	\$ 1,096.8

At the end of the current fiscal year, the City’s total capital assets increased by \$9.4 million (0.9%). The increase is primarily due to ongoing infrastructure projects, denoted as Construction in Progress, during the current fiscal year. Some of the major projects include the Bristol Street Widening: Washington to 17th Phase 3B, Warner Avenue Widening: Main to Oak Phase 1, and Streetlight Acquisition and Upgrade project. Additional information on the City’s capital assets can be found in Note 3B on pages 82-84 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 \$128 million. Of this amount, \$80.9 million comprised of debt backed by the full faith and credit of the City, \$34.1 million represents bonds secured solely by specified revenue sources, and \$13.0 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			
	2019	2018	2019	2018	2019	2018
Capital lease obligations	\$ 3.0	\$ 3.5	\$ -	\$ -	\$ 3.0	\$ 3.5
Certificates of participation	55.9	57.5	-	-	55.9	57.5
Lease revenue bonds	19.3	22.5	13.0	13.7	32.3	36.2
Notes from direct borrowings	34.6	38.9	-	-	34.6	38.9
Long-term loans & other payables	1.1	1.4	-	-	1.1	1.4
Less: Bond discount	(0.7)	(0.7)	-	-	(0.7)	(0.7)
Add: Bond premium	-	-	1.8	1.9	1.8	1.9
Total	\$ 113.2	\$ 123.1	\$ 14.8	\$ 15.6	\$ 128.0	\$ 138.7

At the end of the current fiscal year, Governmental Activities long-term debt decreased by \$9.9 million primarily due to \$9.9 million principal repayment of existing debt. The long-term debt associated with Business-type Activities decreased \$0.8 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 87 through 98.

Economic Factors and Next Year's Budget and Rates

The national, regional, and local economy continued 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 augmented its Cannabis regulation allowing for the sale of adult use, manufacturing and distribution. On November 6, 2018, the Santa Ana residents approved Measure X: Santa Ana Neighborhood Safety, Homeless Prevention and Essential City Services Enhancement Measure. This measure increases the City’s sales tax by one and a half (1.5) cents until 2029 providing approximately \$60 million additional sales tax revenue annually, then decrease to one (1) cent providing approximately \$40 million additional revenue annually until 2039.

One of the main factors affecting the City’s economic condition is the public pensions and their sustainability. CalPERS utilizes various assumptions to estimate the net pension liability and the required contributions in order to meet future pension obligations. One of those assumptions is the discount rate, which may significantly impact the City’s total net pension liability. Additional information about the City’s pension plans can be found in Note 4 E and F on pages 106 through 118.

The Total OPEB liability also has a long-term fiscal impact on the City’s total net position. The City has evaluated various options to explore a long-term solution to the impact of the OPEB liability including but not limited to establishing an OPEB trust account to pre-fund the liability.

Additional factors affecting the City’s upcoming budget are potential changes to its miscellaneous fee structure, addressing its deferred maintenance needs, liability claims and premiums along with anticipated health care costs.

The City will continue to build upon its budget and financial policies to ensure future fiscal sustainability. The City’s unassigned account balances as of June 30, 2019 are as follows:

<u>Account Name</u>	<u>Amount</u>
• Operating Reserve	\$ 44.9 million
• Economic Uncertainty Reserve	\$ 3.8 million
• Unallocated (available for One-Time Funding)	\$ 13.9 million

The funding of the above-referenced accounts provides the Mayor and City Council a tool to navigate a potential economic downturn. Additionally, the City maintains an unassigned fund balance available for potential future appropriation and/or address projected budgetary deficits. The initiatives and funding of the reserve/stability funds are aligned with the City’s annual completion of its long-term forecast, which identifies potential factors that may create 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 Finance & Management Services Agency at 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, 2019

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 195,641,043	\$ 101,241,150	\$ 296,882,193
Receivables:			
Taxes	4,499,918	1,349	4,501,267
Interest	978,343	446,539	1,424,882
Accounts, net of allowances	5,054,140	14,574,557	19,628,697
Intergovernmental	48,776,542	-	48,776,542
Loans and notes	90,305,898	-	90,305,898
Internal balances	1,432,807	(1,432,807)	-
Inventory of supplies	945,777	-	945,777
Prepaid items	20,247	-	20,247
Restricted assets:			
Cash and investments	10,739,513	941,172	11,680,685
Cash and investments with fiscal agents	9,019,770	-	9,019,770
Pension stability fund	513,627	-	513,627
Land held for resale	17,658,530	-	17,658,530
Capital assets, not being depreciated	628,040,237	23,801,233	651,841,470
Capital assets, being depreciated, net of accumulated depreciation	349,892,009	104,468,422	454,360,431
Total assets	<u>1,363,518,401</u>	<u>244,041,615</u>	<u>1,607,560,016</u>
Deferred outflows of resources:			
Unamortized loss on bond defeasance	3,886,682	308,404	4,195,086
Deferred amounts on pension plans	67,549,187	3,985,200	71,534,387
Deferred amounts on OPEB plan	2,609,927	385,739	2,995,666
Total deferred outflows of resources	<u>74,045,796</u>	<u>4,679,343</u>	<u>78,725,139</u>
Liabilities:			
Accounts payable	6,975,401	10,549,112	17,524,513
Interest payable	359,097	209,108	568,205
Retention payable	227,707	215,642	443,349
Due to other governmental agencies	54,704,773	-	54,704,773
Deposits	5,027,934	1,049,832	6,077,766
Grant advances	-	78,837	78,837
Unearned revenue	3,327,989	497,405	3,825,394
Long-term liabilities- due within one year	16,483,867	1,294,334	17,778,201
Claims payable- due within one year	11,999,500	-	11,999,500
Due in more than one year			
Long-term liabilities	119,560,286	15,707,736	135,268,022
Net pension liability	600,160,554	32,276,913	632,437,467
Total OPEB liability	49,096,478	7,603,888	56,700,366
Claims payable	28,427,522	-	28,427,522
Total liabilities	<u>896,351,108</u>	<u>69,482,807</u>	<u>965,833,915</u>
Deferred inflows of resources:			
Deferred amounts on pension plans	6,701,261	467,308	7,168,569
Deferred amounts on OPEB plan	1,684,395	262,535	1,946,930
Total deferred inflows of resources	<u>8,385,656</u>	<u>729,843</u>	<u>9,115,499</u>
Net Position:			
Net investment in capital assets	877,187,902	113,665,565	990,853,467
Restricted for:			
Debt service	142,918	-	142,918
Capital projects	41,169,553	-	41,169,553
National pollution discharge elimination system	-	2,506,879	2,506,879
Community Development	7,830,278	-	7,830,278
Recreation & Community Services	2,835,377	-	2,835,377
Public Safety	5,200,937	-	5,200,937
Public Works	95,060,658	-	95,060,658
Special revenue housing authority projects	36,381,475	-	36,381,475
Pension stability	513,627	-	513,627
Unrestricted	(533,495,292)	62,335,864	(471,159,428)
Total net position	<u>\$ 532,827,433</u>	<u>\$ 178,508,308</u>	<u>\$ 711,335,741</u>

See accompanying Notes to the Basic Financial Statements.

Statement of Activities
Year ended June 30, 2019

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 14,902,448	9,790,292	-	-
Human resources	2,328,974	-	-	-
Finance and management services	7,213,002	924,870	342,437	-
Museum	1,850,467	-	-	-
Library	5,273,827	49,586	26,573	-
Recreation and community services	26,836,568	8,927,420	4,777,027	1,418,204
Police department	184,319,863	23,382,501	6,355,696	-
Fire department	54,440,801	6,729,950	-	-
Planning and building	14,432,844	13,737,436	201,630	14,453
Public works	30,655,932	9,552,814	14,437,009	23,127,968
Community development	55,311,749	1,109,752	48,089,858	7,595,777
Interest on long-term debt	6,333,879	-	-	-
Total governmental activities	\$ 403,900,354	74,204,621	74,230,230	32,156,402
Business-type activities:				
Water	48,886,017	56,227,193	-	-
Parking	6,502,637	4,066,681	-	-
Sewer	6,347,188	6,701,951	-	23,229,000
Sanitation	6,595,927	6,977,716	-	-
Refuse collections	18,004,519	21,633,923	194,331	-
Transportation center	1,417,171	398,157	-	-
Federal clean water protection	2,765,739	863,861	-	599,440
Total business-type activities	90,519,198	96,869,482	194,331	23,828,440
Total	\$ 494,419,552	171,074,103	74,424,561	55,984,842
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				
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
\$	\$	\$
(5,112,156)	-	(5,112,156)
(2,328,974)	-	(2,328,974)
(5,945,695)	-	(5,945,695)
(1,850,467)	-	(1,850,467)
(5,197,668)	-	(5,197,668)
(11,713,917)	-	(11,713,917)
(154,581,666)	-	(154,581,666)
(47,710,851)	-	(47,710,851)
(479,325)	-	(479,325)
16,461,859	-	16,461,859
1,483,638	-	1,483,638
(6,333,879)	-	(6,333,879)
\$	\$	\$
(223,309,101)	-	(223,309,101)
-	7,341,176	7,341,176
-	(2,435,956)	(2,435,956)
-	23,583,763	23,583,763
-	381,789	381,789
-	3,823,735	3,823,735
-	(1,019,014)	(1,019,014)
-	(1,302,438)	(1,302,438)
-	30,373,055	30,373,055
\$	\$	\$
(223,309,101)	30,373,055	(192,936,046)
81,619,335	-	81,619,335
9,414,661	-	9,414,661
22,655,737	-	22,655,737
18,815,339	-	18,815,339
8,278,148	-	8,278,148
1,219,276	-	1,219,276
162,361	-	162,361
570,461	-	570,461
67,222,275	-	67,222,275
4,212,475	3,003,294	7,215,769
24,608	(24,608)	-
214,194,676	2,978,686	217,173,362
(9,114,425)	33,351,741	24,237,316
541,941,858	145,156,567	687,098,425
\$	\$	\$
532,827,433	178,508,308	711,335,741



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, 2019**

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Assets				
Cash and investments	\$ 58,184,377	\$ 7,349,899	\$ 3,320,822	\$ 19,320,228
Receivables, net of allowances:				
Taxes	4,499,918	-	-	-
Interest	342,614	42,466	15,368	78,238
Accounts	4,801,339	179,500	15,733	-
Intergovernmental	19,641,963	2,312,533	14,110	1,617,175
Loans and notes	-	55,566,898	-	-
Prepaid items	-	-	20,247	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	1,566,928	8,968	533,536	4,335,179
Pension stability funds	513,627	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>89,550,766</u>	<u>65,460,264</u>	<u>3,919,816</u>	<u>25,350,820</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities:				
Accounts payable	3,666,662	1,061,241	12,402	149,638
Interest payable	23,465	-	-	-
Retention payable	23,679	-	-	-
Due to other funds	-	-	-	-
Due to other governmental agencies	-	54,511,979	283	-
Grant advances	-	13,681	-	-
Deposits	4,479,473	-	533,536	-
Advances payable to other funds	1,752,000	-	-	-
Unearned revenue	2,886,978	-	-	-
Total liabilities	<u>12,832,257</u>	<u>55,586,901</u>	<u>546,221</u>	<u>149,638</u>
Deferred inflows of resources:				
Unavailable revenues	1,306,281	1,503,743	16,436	32,635
Fund balances:				
Nonspendable	-	-	20,247	-
Restricted	2,080,555	9,814,794	3,336,912	25,168,547
Assigned	10,695,577	-	-	-
Unassigned	62,636,096	(1,445,174)	-	-
Total fund balances	<u>75,412,228</u>	<u>8,369,620</u>	<u>3,357,159</u>	<u>25,168,547</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 89,550,766</u>	<u>\$ 65,460,264</u>	<u>\$ 3,919,816</u>	<u>\$ 25,350,820</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
\$ 1,623,095	\$ 10,144,055	\$ 142,918	\$ 45,544,783	\$ 145,630,177
-	-	-	-	4,499,918
7,239	90,409	-	199,719	776,053
-	-	-	17,437	5,014,009
-	21,565,334	-	3,625,427	48,776,542
28,624,000	-	-	6,115,000	90,305,898
-	-	-	-	20,247
-	7,941,011	-	2,565,761	10,506,772
5,898	2,569,261	-	-	9,019,770
-	-	-	-	513,627
2,855,050	14,803,480	-	-	17,658,530
<u>33,115,282</u>	<u>57,113,550</u>	<u>142,918</u>	<u>58,068,127</u>	<u>332,721,543</u>
85,972	954,290	-	196,012	6,126,217
-	-	-	-	23,465
-	162,537	-	41,491	227,707
-	-	-	3,035,105	3,035,105
-	192,511	-	-	54,704,773
-	425,480	-	-	439,161
12,000	2,925	-	-	5,027,934
-	-	-	-	1,752,000
-	1,850	-	-	2,888,828
<u>97,972</u>	<u>1,739,593</u>	<u>-</u>	<u>3,272,608</u>	<u>74,225,190</u>
<u>3,020</u>	<u>21,487,100</u>	<u>-</u>	<u>3,342,114</u>	<u>27,691,329</u>
-	-	-	-	20,247
33,014,290	33,886,857	142,918	54,292,341	161,737,214
-	-	-	-	10,695,577
-	-	-	(2,838,936)	58,351,986
<u>33,014,290</u>	<u>33,886,857</u>	<u>142,918</u>	<u>51,453,405</u>	<u>230,805,024</u>
<u>\$ 33,115,282</u>	<u>\$ 57,113,550</u>	<u>\$ 142,918</u>	<u>\$ 58,068,127</u>	<u>\$ 332,721,543</u>



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019**

Fund balances of governmental funds	\$	230,805,024	
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 \$6,196,077 which are reported below.			
Capital assets		1,437,511,810	
Accumulated depreciation		(465,775,641)	
Total capital assets used in governmental activities		<u>971,736,169</u>	
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		(3,020,229)	
Certificates of participation		(55,940,000)	
Lease revenue bonds		(19,300,000)	
Notes from direct borrowings		(34,537,993)	
Long-term loans & other payables		(1,120,874)	
Compensated absences payable		(20,896,423)	
Bond discount		682,465	
Unamortized loss on bond defeasance		3,886,682	
Total governmental activities long-term debt		<u>(130,246,372)</u>	
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		61,477,180	
Deferred inflows of resources from pension		(5,989,952)	
Net pension liability		<u>(493,221,921)</u>	
OPEB 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 postemployment benefits 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 OPEB		2,148,883	
Deferred inflows of resources from OPEB		(1,370,611)	
Total OPEB liability		<u>(39,229,897)</u>	
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.			(335,632)
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental fund.			27,691,329
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.			<u>(34,371,267)</u>
Net position of governmental activities	\$		<u><u>532,827,433</u></u>

See accompanying Notes to the Basic Financial Statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2019

	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue Gas Tax
Revenues:				
Taxes	\$ 142,002,496	-	-	-
License and permits	9,946,891	-	-	-
Intergovernmental	67,951,954	16,688,264	35,897,050	13,118,218
Charges for services	16,776,893	20,261	-	-
Fines and forfeits	5,651,372	-	-	-
Investment income	2,179,290	223,804	54,788	746,878
Cost recoveries	12,044,426	127	58,014	14,484
Rental income	16,848,228	301,698	-	-
Miscellaneous	2,130,677	355,573	161,977	-
Total revenues	<u>275,532,227</u>	<u>17,589,727</u>	<u>36,171,829</u>	<u>13,879,580</u>
Expenditures:				
Current:				
General government	11,762,239	-	-	-
Human resources	1,858,518	-	-	-
Finance and management services	6,073,730	-	-	-
Museum	1,472,784	-	-	-
Library	4,253,772	64,729	-	-
Recreation and community services	17,734,237	177,990	-	-
Police department	132,101,981	5,632,805	-	-
Fire department	52,410,181	-	-	-
Planning and building	11,952,215	915,414	-	-
Public works	8,481,824	489	-	1,581,394
Community development	1,772,463	7,292,666	35,791,334	-
Capital Outlay	7,250,711	599,224	-	-
Debt Service:				
Principal	1,298,230	-	-	1,600,000
Interest and fiscal charges	337,279	-	-	2,574,431
Total expenditures	<u>258,760,164</u>	<u>14,683,317</u>	<u>35,791,334</u>	<u>5,755,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,772,063</u>	<u>2,906,410</u>	<u>380,495</u>	<u>8,123,755</u>
Other financing sources (uses):				
Transfers in	31,889	-	-	-
Transfers out	(10,752,807)	-	-	(1,717,906)
Total other financing sources (uses)	<u>(10,720,918)</u>	<u>-</u>	<u>-</u>	<u>(1,717,906)</u>
Net change in fund balances	6,051,145	2,906,410	380,495	6,405,849
Fund balances - beginning	69,361,083	5,463,210	2,976,664	18,762,698
Fund balances - ending	<u>\$ 75,412,228</u>	<u>8,369,620</u>	<u>3,357,159</u>	<u>25,168,547</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
-	558,019	-	252,000	\$ 142,812,515
-	17,921	-	-	9,964,812
-	9,079,476	-	7,980,541	150,715,503
-	435,365	-	2,936,154	20,168,673
-	-	-	-	5,651,372
211,734	551,189	11,440	1,039,385	5,018,508
-	294,010	-	13,905,942	26,317,003
27,200	91,958	-	-	17,269,084
14,590	359,879	-	185,023	3,207,719
<u>253,524</u>	<u>11,387,817</u>	<u>11,440</u>	<u>26,299,045</u>	<u>381,125,189</u>
-	-	-	-	11,762,239
-	-	-	63,325	1,921,843
-	-	-	-	6,073,730
-	-	-	-	1,472,784
-	-	-	-	4,318,501
-	-	-	4,622,907	22,535,134
-	-	-	2,366,019	140,100,805
-	-	-	-	52,410,181
-	-	-	151,215	13,018,844
-	1,547,969	-	26,548	11,638,224
3,902,765	-	-	3,230,109	51,989,337
-	19,629,266	-	4,376,254	31,855,455
-	-	7,350,000	-	10,248,230
-	-	2,422,071	-	5,333,781
<u>3,902,765</u>	<u>21,177,235</u>	<u>9,772,071</u>	<u>14,836,377</u>	<u>364,679,088</u>
<u>(3,649,241)</u>	<u>(9,789,418)</u>	<u>(9,760,631)</u>	<u>11,462,668</u>	<u>16,446,101</u>
-	1,717,906	9,784,273	1,179,404	12,713,472
-	-	-	-	(12,470,713)
-	1,717,906	9,784,273	1,179,404	242,759
<u>(3,649,241)</u>	<u>(8,071,512)</u>	<u>23,642</u>	<u>12,642,072</u>	<u>16,688,860</u>
<u>36,663,531</u>	<u>41,958,369</u>	<u>119,276</u>	<u>38,811,333</u>	<u>214,116,164</u>
<u>33,014,290</u>	<u>33,886,857</u>	<u>142,918</u>	<u>51,453,405</u>	<u>\$ 230,805,024</u>

**Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2019**

Net change in fund balances-total governmental funds		\$ 16,688,860
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 \$692,874 in additions, \$522,770 in deletions, and \$1,401,659 in depreciation expense.		
Capital outlay	32,980,738	
Depreciation expense	(23,609,091)	
Loss on disposal of capital assets	<u>(2,087,245)</u>	7,284,402
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund.		8,340,425
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	1,600,000	
Lease revenue bonds	3,205,000	
Notes from direct borrowings	4,415,799	
Long-term loans & other payables	<u>644,641</u>	
Total principal repayments		9,865,440
Amortization of bond discount		(32,498)
Amortization of deferred charges on refunding		(790,512)
Net change in compensated absences		<u>289,847</u>
		9,332,277
Accrued interest for long term liabilities including bonds payable. This is the net change in accrued interest for the current period.		(169,106)
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.		(41,889,323)
OPEB expense reported in the governmental funds includes the insurance premiums paid. In the Statement of Activities, OPEB expense includes the change in the OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.		(199,382)
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.		<u>(8,502,578)</u>
Change in net position of governmental activities		<u>\$ (9,114,425)</u>

See accompanying Notes to the Basic Financial Statements.

Major Enterprise Funds

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

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

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

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

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, 2019

	Water	Parking	Sewer
Assets:			
Current assets:			
Cash and investments	\$ 45,166,322	1,413,007	32,202,741
Receivables:			
Taxes	-	-	-
Interest	202,839	7,301	142,892
Accounts, net of allowances	9,013,462	36,049	1,191,145
Due from other funds	-	-	-
Inventory of supplies	-	-	-
Total current assets	<u>54,382,623</u>	<u>1,456,357</u>	<u>33,536,778</u>
Noncurrent assets:			
Advances to other funds	-	-	-
Restricted cash and investments	941,172	-	-
Capital assets:			
Land	1,892,808	3,591,049	-
Buildings	223,583	-	-
Improvements other than buildings	138,566,897	-	41,076,307
Equipment	15,808,593	654,976	1,254,305
Parking structures	-	17,884,119	-
Construction in progress	8,771,225	39,411	972,568
Computer software	278,589	-	-
Less accumulated depreciation	(81,170,968)	(9,556,810)	(25,246,032)
Total noncurrent assets	<u>85,311,899</u>	<u>12,612,745</u>	<u>18,057,148</u>
Total assets	<u>139,694,522</u>	<u>14,069,102</u>	<u>51,593,926</u>
Deferred outflows of resources:			
Unamortized loss on bond defeasance	308,404	-	-
Deferred amounts on pension plans	1,613,637	287,766	672,386
Deferred amounts on OPEB plan	155,825	22,332	58,857
Total deferred outflow of resources	<u>2,077,866</u>	<u>310,098</u>	<u>731,243</u>
Liabilities:			
Current liabilities:			
Accounts payable	9,267,591	247,778	657,830
Retention payable	214,142	-	-
Due to other funds	-	-	-
Compensated absences payable	264,424	93,133	41,655
Interest payable	209,108	-	-
Grant advances	-	-	-
Deposits payable	1,038,832	-	-
Uearned revenue	-	-	-
Claims payable	-	-	-
Revenue bonds payable	745,000	-	-
Total current liabilities	<u>11,739,097</u>	<u>340,911</u>	<u>699,485</u>
Noncurrent liabilities:			
Compensated absences payable	793,271	279,400	124,965
Claims payable	-	-	-
Net pension liability	13,069,213	2,330,708	5,445,726
Total OPEB liability	3,071,720	440,199	1,160,216
Revenue bonds payable	14,059,735	-	-
Total noncurrent liabilities	<u>30,993,939</u>	<u>3,050,307</u>	<u>6,730,907</u>
Total liabilities	<u>42,733,036</u>	<u>3,391,218</u>	<u>7,430,392</u>
Deferred inflows of resources:			
Deferred amounts on pension plans	189,216	33,749	78,844
Deferred amounts on OPEB plan	106,055	15,199	40,058
Total deferred inflows of resources	<u>295,271</u>	<u>48,948</u>	<u>118,902</u>
Net position:			
Net investment in capital assets	69,768,137	12,612,745	18,057,148
Restricted for :			
National pollution discharge elimination system	-	-	-
Unrestricted	28,975,944	(1,673,711)	26,718,727
Total net position (deficit)	<u>\$ 98,744,081</u>	<u>10,939,034</u>	<u>44,775,875</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

		Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds	
Sanitation	Nonmajor	Total			
5,975,117	16,483,963	\$	101,241,150	\$	50,010,866
1,349	-		1,349		-
23,393	70,114		446,539		202,290
1,007,436	3,326,465		14,574,557		40,131
-	-		-		4,713,932
-	-		-		945,777
<u>7,007,295</u>	<u>19,880,542</u>		<u>116,263,595</u>		<u>55,912,996</u>
-	-		-		1,752,000
-	-		941,172		232,741
-	3,792,491		9,276,348		-
-	8,607,909		8,831,492		-
-	4,196,564		183,839,768		859,017
19,592	32,137		17,769,603		21,637,435
-	4,817,296		22,701,415		-
103,253	4,638,428		14,524,885		325,529
-	-		278,589		6,493,843
(19,592)	(12,959,043)		(128,952,445)		(23,119,747)
<u>103,253</u>	<u>13,125,782</u>		<u>129,210,827</u>		<u>8,180,818</u>
<u>7,110,548</u>	<u>33,006,324</u>		<u>245,474,422</u>		<u>64,093,814</u>
-	-		308,404		-
1,021,369	390,042		3,985,200		6,072,007
102,507	46,218		385,739		461,044
<u>1,123,876</u>	<u>436,260</u>		<u>4,679,343</u>		<u>6,533,051</u>
205,845	170,068		10,549,112		849,184
-	1,500		215,642		-
-	1,432,807		1,432,807		246,020
108,031	42,091		549,334		477,775
-	-		209,108		-
-	78,837		78,837		-
-	11,000		1,049,832		-
-	497,405		497,405		-
-	-		-		11,999,500
-	-		745,000		-
<u>313,876</u>	<u>2,233,708</u>		<u>15,327,077</u>		<u>13,572,479</u>
324,092	126,273		1,648,001		1,433,324
-	-		-		28,427,522
8,272,261	3,159,005		32,276,913		51,451,405
2,020,681	911,072		7,603,888		9,088,309
-	-		14,059,735		-
<u>10,617,034</u>	<u>4,196,350</u>		<u>55,588,537</u>		<u>90,400,560</u>
<u>10,930,910</u>	<u>6,430,058</u>		<u>70,915,614</u>		<u>103,973,039</u>
119,764	45,735		467,308		711,309
69,767	31,456		262,535		313,784
<u>189,531</u>	<u>77,191</u>		<u>729,843</u>		<u>1,025,093</u>
103,253	13,124,282		113,665,565		6,196,077
-	2,506,879		2,506,879		-
(2,989,270)	11,304,174		62,335,864		(40,567,344)
<u>(2,886,017)</u>	<u>26,935,335</u>	\$	<u>178,508,308</u>	\$	<u>(34,371,267)</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2019

	Water	Parking	Sewer
Operating revenues:			
Charges for services	\$ 54,969,763	3,604,269	6,701,951
Miscellaneous	1,257,430	462,412	-
Total operating revenues	<u>56,227,193</u>	<u>4,066,681</u>	<u>6,701,951</u>
Operating expenses:			
Personnel services	6,613,837	2,697,875	1,964,620
Contractual services	19,200,248	3,034,035	2,269,015
Materials and supplies	10,905,575	55,189	355,578
Administrative charges	9,088,288	331,853	1,133,044
Insurance	-	-	-
Provision for self-insured losses	-	-	-
Depreciation	2,531,447	383,685	624,931
Total operating expenses	<u>48,339,395</u>	<u>6,502,637</u>	<u>6,347,188</u>
Operating income (loss)	<u>7,887,798</u>	<u>(2,435,956)</u>	<u>354,763</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	-
Net increase in the fair value of investment	946,921	-	248,195
Investment earnings	746,956	35,949	386,141
Interest expense	(546,622)	-	-
Loss on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>1,147,255</u>	<u>35,949</u>	<u>634,336</u>
Income (loss) before transfers and capital contributions	<u>9,035,053</u>	<u>(2,400,007)</u>	<u>989,099</u>
Capital contributions	-	-	23,229,000
Transfers in	-	-	-
Transfers out	<u>(1,344,138)</u>	<u>(428)</u>	<u>(275,612)</u>
Change in net position	<u>7,690,915</u>	<u>(2,400,435)</u>	<u>23,942,487</u>
Net position (deficit) - beginning	<u>91,053,166</u>	<u>13,339,469</u>	<u>20,833,388</u>
Net position (deficit) - ending	<u>\$ 98,744,081</u>	<u>10,939,034</u>	<u>44,775,875</u>

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUNDS

		Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds	
Sanitation	Nonmajor	Total			
6,959,836	22,893,831	\$	95,129,650	\$	69,552,196
17,880	2,110		1,739,832		368,397
<u>6,977,716</u>	<u>22,895,941</u>		<u>96,869,482</u>		<u>69,920,593</u>
3,642,012	1,727,426		16,645,770		16,517,373
913,873	12,245,444		37,662,615		8,176,123
203,722	19,773		11,539,837		2,700,043
1,836,320	7,733,959		20,123,464		12,116,794
-	-		-		26,442,123
-	-		-		12,733,740
-	460,827		4,000,890		1,401,659
<u>6,595,927</u>	<u>22,187,429</u>		<u>89,972,576</u>		<u>80,087,855</u>
<u>381,789</u>	<u>708,512</u>		<u>6,896,906</u>		<u>(10,167,262)</u>
	194,331		194,331		-
-	273,968		1,469,084		1,109,519
90,396	274,768		1,534,210		830,431
-	-		(546,622)		(551)
-	-		-		(56,564)
<u>90,396</u>	<u>743,067</u>		<u>2,651,003</u>		<u>1,882,835</u>
<u>472,185</u>	<u>1,451,579</u>		<u>9,547,909</u>		<u>(8,284,427)</u>
-	599,440		23,828,440		-
-	2,511,727		2,511,727		-
(3,747)	(912,410)		(2,536,335)		(218,151)
<u>468,438</u>	<u>3,650,336</u>		<u>33,351,741</u>		<u>(8,502,578)</u>
<u>(3,354,455)</u>	<u>23,284,999</u>		<u>145,156,567</u>		<u>(25,868,689)</u>
<u>(2,886,017)</u>	<u>26,935,335</u>	\$	<u>178,508,308</u>	\$	<u>(34,371,267)</u>

**Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2019**

	<u>Water</u>	<u>Parking</u>
Cash flows from operating activities:		
Receipts from customers	\$ 54,669,927	3,687,112
Receipts from interfund services provided	-	-
Receipts from other operating sources	1,257,430	462,412
Payments to suppliers for goods and services	(39,789,446)	(4,860,200)
Payments from interfund services used	-	-
Payments to employees	(5,554,036)	(2,466,249)
	<u>10,583,875</u>	<u>(3,176,925)</u>
Net cash provided (used) by operating activities		
Cash flows from noncapital financing activities:		
Intergovernment contribution	-	-
Transfer in	-	-
Transfer out	(1,344,138)	(428)
Repayment of advances from other funds	-	-
	<u>(1,344,138)</u>	<u>(428)</u>
Net cash provided (used) by noncapital financing activities		
Cash flows from capital and related financing activities:		
Capital contribution	-	-
Acquisition of capital assets	(3,950,412)	(1,100,341)
Capital assets donated to other funds	-	-
Proceeds from sale of capital assets	-	-
Retirement of long-term liabilities	(710,000)	-
Interest paid	(645,077)	-
Payments on capital leases	-	-
	<u>(5,305,489)</u>	<u>(1,100,341)</u>
Net cash used by capital and related financing activities		
Cash flows from investing activities:		
Interest received	686,586	48,692
Net increase in the fair value of investment	946,921	-
	<u>1,633,507</u>	<u>48,692</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	5,567,755	(4,229,002)
Cash and cash equivalents - beginning	<u>40,539,739</u>	<u>5,642,009</u>
Cash and cash equivalents - ending (Includes restricted assets)	<u>\$ 46,107,494</u>	<u>1,413,007</u>

See accompanying Notes to the Basic Financial Statements.

Sewer	Sanitation	Nonmajor	Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
			Totals		
6,675,764	7,012,669	21,832,700	\$	93,878,172	\$ -
-	-	-		-	69,635,532
-	17,880	(3,308)		1,734,414	390,287
(3,430,710)	(2,996,893)	(21,655,449)		(72,732,698)	(49,859,759)
-	-	-		-	(2,890,226)
<u>(1,664,942)</u>	<u>(3,010,511)</u>	<u>(1,534,347)</u>		<u>(14,230,085)</u>	<u>(19,762,870)</u>
1,580,112	1,023,145	(1,360,404)		8,649,803	(2,487,036)
-	-	194,331		194,331	-
-	-	2,511,727		2,511,727	-
(275,612)	(3,747)	(912,410)		(2,536,335)	(218,151)
-	-	-		-	292,000
<u>(275,612)</u>	<u>(3,747)</u>	<u>1,793,648</u>		<u>169,723</u>	<u>73,849</u>
23,229,000	-	599,440		23,828,440	-
(890,835)	(103,253)	(786,809)		(6,831,650)	(692,874)
-	-	-		-	(90,086)
-	-	-		-	33,522
-	-	-		(710,000)	-
-	-	-		(645,077)	(551)
-	-	-		-	(55,597)
<u>22,338,165</u>	<u>(103,253)</u>	<u>(187,369)</u>		<u>15,641,713</u>	<u>(805,586)</u>
271,897	84,838	258,346		1,350,359	841,953
248,195	-	273,968		1,469,084	1,109,519
<u>520,092</u>	<u>84,838</u>	<u>532,314</u>		<u>2,819,443</u>	<u>1,951,472</u>
24,162,757	1,000,983	778,189		27,280,682	(1,267,301)
8,039,984	4,974,134	15,705,774		74,901,640	51,510,908
<u>32,202,741</u>	<u>5,975,117</u>	<u>16,483,963</u>	\$	<u>102,182,322</u>	\$ <u>50,243,607</u>

Continued

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2019

	Water	Parking
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 7,887,798	(2,435,956)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	2,531,447	383,685
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	184,180	82,843
Decrease (increase) in inventory of supplies	-	-
Decrease (increase) in deferred outflows from pension	1,109,022	197,777
Decrease (increase) in deferred outflows from OPEB	(58,337)	(8,361)
Increase (decrease) in accounts payable	(501,197)	(1,367,067)
Increase (decrease) in unearned revenue	-	-
Increase (decrease) in due to other governmental agencies	-	-
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences payable	181,304	76,574
Increase (decrease) in deposits payable	(484,016)	-
Increase (decrease) in retention payable	(94,138)	(72,056)
Increase (decrease) in claims payable	-	-
Increase (decrease) in grant advances	-	-
Increase (decrease) in net pension liability	(157,289)	(28,053)
Increase (decrease) in total OPEB liability	148,869	21,334
Increase (decrease) in deferred inflows from pension	(119,364)	(21,282)
Increase (decrease) in deferred inflows from OPEB	(44,404)	(6,363)
Net cash provided (used) by operating activities	<u>\$ 10,583,875</u>	<u>(3,176,925)</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	946,921	-
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		
354,763	381,789	708,512	\$	6,896,906	\$ (10,167,262)
624,931	-	460,827		4,000,890	1,401,659
(26,187)	52,833	(1,056,131)		(762,462)	998,711
-	-	-		-	(105,778)
462,109	701,964	268,064		2,738,936	4,204,210
(22,035)	(38,376)	(17,304)		(144,413)	(200,114)
326,927	(42,978)	(957,621)		(2,541,936)	(167,989)
-	-	(599,440)		(599,440)	-
-	-	-		-	(30,715)
-	-	-		-	10,474
(64,577)	74,302	(25,008)		242,595	(534,622)
-	-	(5,000)		(489,016)	-
-	-	-		(166,194)	(15,720)
-	-	-		-	2,782,900
-	-	(101,416)		(101,416)	-
(65,540)	(99,557)	(38,019)		(388,458)	(516,485)
56,229	97,931	44,155		368,518	440,463
(49,736)	(75,553)	(28,853)		(294,788)	(448,718)
(16,772)	(29,210)	(13,170)		(109,919)	(138,050)
<u>1,580,112</u>	<u>1,023,145</u>	<u>(1,360,404)</u>	\$	<u>8,649,803</u>	\$ <u>(2,487,036)</u>
248,195	-	273,968		1,469,084	1,109,519
-	-	-	\$	(86,620)	\$ -

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
Assets		
Cash and investments	\$ 7,306,903	\$ 18,480,096
Restricted assets:		
Cash and investments with fiscal agents	10,536	106,061
Receivables, net of allowances:		
Accounts	17,344	-
Interest	32,788	46,756
Taxes	-	13,985
Land held for redevelopment	276,200	-
Total assets	<u>7,643,771</u>	<u>\$ 18,646,898</u>
Deferred outflows of resources:		
Unamortized loss on bond defeasance	4,560,674	
Deferred amounts on pension plans	99,218	
Deferred amounts on OPEB plan	9,697	
Total deferred outflows of resources	<u>4,669,589</u>	
Liabilities		
Accounts payable	185	\$ -
Interest payable	937,320	-
Deposits payable	-	27,426
Due to City employees	-	5,381,255
Due to governmental agencies	-	12,929,928
Due to bondholders	-	308,289
Long-term liabilities:		
Due within one year	2,851,057	-
Due in more than one year	71,185,299	-
Net pension liability	803,573	-
Total OPEB liability	191,255	-
Total liabilities	<u>75,968,689</u>	<u>\$ 18,646,898</u>
Deferred inflows of resources:		
Deferred amounts on pension plans	11,635	
Deferred amounts on OPEB plan	6,602	
	<u>18,237</u>	
Net position (deficit)		
Held in trust for other purposes	<u>\$ (63,673,566)</u>	

See accompanying Notes to the Basic Financial Statements.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2019

		Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund
Additions:		
Property taxes	\$	6,969,642
Investment earnings		159,713
Other		208,124
		<hr/>
Total additions		7,337,479
		<hr/>
Deductions:		
Program expenses		1,117,341
Administrative expenses		259,521
Interest and fiscal agency expenses		3,823,983
		<hr/>
Total deductions		5,200,845
		<hr/>
Change in net position		2,136,634
Net position (deficit) - beginning		(65,810,200)
		<hr/>
Net position (deficit) - ending	\$	(63,673,566)
		<hr/> <hr/>

See accompanying Notes to the Basic Financial Statements.



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Notes to the Basic Financial Statements



CITY OF SANTA ANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

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, 2019

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 including special assessments. 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, 2019

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 and the Private Placement Financing.

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, 2019

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 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, 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).

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, 2019

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, 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 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, 2019

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. The City's pension stability funds balance is also included in the restricted assets.

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.

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

For the Year Ended June 30, 2019

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>Life</u>
Assets	
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, proprietary statement of net position, and statement of fiduciary 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, changes of assumptions, 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. All of these items are amortized over the average expected remaining service lives of employees in the plan with the exception of pension contributions subsequent to measurement date which are recognized as a reduction of the net pension liability and the net differences between projected and actual earnings, which is amortized over five years.
- Other Post-Employment Benefit (OPEB) contributions subsequent to measurement date and changes of assumptions related to the total OPEB liability in the government-wide statement of net position, proprietary statement of net position, and the fiduciary statement of net position are reported as a deferred outflow 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:

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

For the Year Ended June 30, 2019

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

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

- 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.
- Differences between expected and actual experience and changes of assumptions related to the net pension liability in the government-wide statement of net position, proprietary statement of net position, and statement of fiduciary net position. These amounts are deferred and amortized as a component of pension expense in future periods over the average expected remaining service lives of employees in the plan.
- Changes of assumptions related to the total OPEB liability in the government-wide statement of net position, proprietary statement of net position, and statement of fiduciary net position. These amounts are deferred and amortized as a component of pension expense in future periods over the average expected remaining service lives of employees in the plan.

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, 2019.

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.

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

For the Year Ended June 30, 2019

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

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

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.

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, 2019, 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, 2019

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

E. New Accounting Pronouncements

Current Year Standards

GASB Statement No. 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018, and did not impact the City.

GASB Statement No. 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018 has been implemented and did not significantly impact the City.

GASB Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019 has been early implemented.

Pending Accounting Standards

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

- GASB Statement No. 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB Statement No. 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB Statement No. 90 - *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.
- GASB Statement No. 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.

NOTE 2. FUND DEFICITS

At June 30, 2019, the deficits of \$1.2 million in the Non-major Civic Center Maintenance Special Revenue Fund and \$1.6 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 receivable will reduce the deficits.

The deficits of \$2.9 million in the Major Enterprise Sanitation Fund, \$0.5 million in the Internal Service Central Services Fund, \$2.9 million in the Internal Service Building Maintenance Fund, \$0.1 million in the Internal Service Equipment Maintenance and Replacement Fund, \$0.1 million in the Internal Service Stores & Property Control Fund, \$17.3 million in the Internal Service Self Insurance Fund, and \$18.0 million in the Internal Service Engineering and Administrative Services Fund are primarily due to an increase in the net pension liability and OPEB liability. In order to address pension obligations and future benefit contributions, the City established the pension stability fund shown as a restricted asset within the General Fund in the Governmental Funds Balance Sheet.

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

For the Year Ended June 30, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2019 were classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 296,882,193
Restricted assets:	
Cash and investments	11,680,685
Cash and investments with fiscal agents	9,019,770
Pension stability funds	513,627
Statement of fiduciary net position:	
Cash and investments	25,786,999
Restricted assets:	
Cash and investments with fiscal agents	<u>116,597</u>
Total cash and investments	<u>\$ 343,999,871</u>

Cash and investments as of June 30, 2019 consisted of the following:

Cash on hand	\$ 640,945
Deposits with financial institutions	48,880,762
Investments	<u>294,478,164</u>
Total cash and investments	<u>\$ 343,999,871</u>

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 Asset-backed Securities, Derivatives, Investment Agreements, Mortgage-backed Securities, Reverse Repurchase Agreements, and Securities Lending Agreements. 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.

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

For the Year Ended June 30, 2019

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

A. Cash and Investments (Continued)

<u>Investment Types</u> <u>Authorized by State Law</u>	<u>Authorized</u> <u>By</u> <u>Policy</u>	<u>*Maximum</u> <u>Maturity</u>	<u>*Maximum</u> <u>Percentage of</u> <u>Portfolio</u>	<u>*Maximum</u> <u>Investment</u> <u>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	30%	5%
Money Market Mutual Funds	Yes	None	20%	10%
Local Agency Investment Fund (LAIF)	Yes	None	65 Million	None
Repurchase Agreement	Yes	1 year	20%	None
Supranational Obligations	Yes	5 Years	30%	None
City of Santa Ana Bonds	Yes	5 Years	None	None

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

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Notes	None
Federal Agency Securities	None
Banker's Acceptances	360 Days
Certificates of Deposit	None
Commercial Paper	270 days
Municipal Obligations	None
Money Market Mutual Funds	None
State of California Investment Pool	None
Savings Accounts	None
Money Market Deposit Accounts	None
Deposit Accounts	None
Investment Contracts	None
Repurchase Agreements	30 days

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

For the Year Ended June 30, 2019

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

A. Cash and Investments (Continued)

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 July 17, 2018, interest rate risk may be mitigated by structuring the fund so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. The cash flow is updated on a daily basis and will be considered prior to the investment of securities, which will reduce the necessity to sell investments for liquidity purposes.

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

Investment Type	Total	Remaining Maturity (in months)		
		12 Months or Less	13 to 24 Months	25-60 Months
Federal Agency Securities	\$ 221,512,433	\$ 26,140,789	\$ 60,745,717	\$ 134,625,928
Negotiable Certificates of Deposit	2,966,896	1,238,708	1,728,188	-
Local Agency Investment Fund	64,597,826	64,597,826	-	-
Held by Fiscal Agent:				
Money Market Funds	5,401,009	5,401,009	-	-
	<u>\$ 294,478,164</u>	<u>\$ 97,378,332</u>	<u>\$ 62,473,904</u>	<u>\$ 134,625,928</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	\$ 47,334,670

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.

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

For the Year Ended June 30, 2019

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

A. Cash and Investments (Continued)

Investment Type	Total	Minimum Legal Rating	Rating as of Year End	
			Aaa	Not Rated
Federal Agency Securities	\$ 221,512,433	N/A	\$ 221,512,433	\$ -
Negotiable Certificates of Deposit	2,966,896	N/A	-	2,966,896
Local Agency Investment Fund	64,597,826	N/A	-	64,597,826
Held by Fiscal Agent:				
Money Market Funds	5,401,009	A	5,401,009	-
	<u>\$ 294,478,164</u>		<u>\$ 226,913,442</u>	<u>\$ 67,564,722</u>

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	Federal agency securities	\$ 45,396,468
Federal Home Loan Bank	Federal agency securities	75,288,323
Federal Home Loan Mortgage Corporation	Federal agency securities	65,738,457
Federal National Mortgage Association	Federal agency securities	35,089,185

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.) is \$4.3 million that was held by the bonds trustee of cash and investments pool. The amount of \$4.3 million reported in the Special Revenue Gas Tax Fund (a major fund of the City) is held in the form of Money Market.

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

For the Year Ended June 30, 2019

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

A. Cash and Investments (Continued)

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, 2019, 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.

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 \$513,627 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, 2019 within the General Fund Balance Sheet.

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

For the Year Ended June 30, 2019

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

A. Cash and Investments (Continued)

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 of inputs are as follows:

Level 1 - Inputs are quoted prices in active markets for identical assets at the measurement date

Level 2 - Inputs other than quoted prices included in Level 1, that are observable for the assets and liabilities through corroboration with market data at the measurement date

Level 3 - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets and liabilities at the measurement date

The City has the following recurring fair value measurements as of June 30, 2019:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal Agency Securities	\$ -	\$ 221,512,433	\$ -	\$ 221,512,433
Negotiable Certificates of Deposit	-	2,966,896	-	2,966,896
Total Leveled Investments	<u>\$ -</u>	<u>\$ 224,479,329</u>	<u>\$ -</u>	224,479,329
Local Agency Investment Fund *				64,597,826
Money Market Funds *				5,401,009
				<u>\$ 294,478,164</u>

* Not subject to fair value measurements.

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

For the Year Ended June 30, 2019

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

B. Capital Assets

A summary of changes in the Governmental Activities capital assets at June 30, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 17,493,972	\$ -	\$ -	\$ 17,493,972
Right of Way	493,698,119	-	-	493,698,119
Street Trees	8,028,741	-	-	8,028,741
Construction in progress	93,536,047	31,010,632	(15,727,274)	108,819,405
Total capital assets, not being depreciated	612,756,879	31,010,632	(15,727,274)	628,040,237
Capital assets being depreciated:				
Buildings and building improvements	200,654,643	423,359	-	201,078,002
Improvements other than buildings	104,736,734	5,144,525	-	109,881,259
Equipment	47,888,553	1,576,106	(647,992)	48,816,667
Infrastructure	460,848,708	10,834,219	(6,606,044)	465,076,883
Library materials	7,124,681	171,781	(95,983)	7,200,479
Computer software	6,493,843	240,264	-	6,734,107
Total capital assets being depreciated	827,747,162	18,390,254	(7,350,019)	838,787,397
Less: Accumulated depreciation for:				
Buildings and building improvements	(147,672,046)	(5,779,092)	-	(153,451,138)
Improvements other than buildings	(57,899,400)	(3,651,880)	-	(61,551,280)
Equipment	(36,627,925)	(2,039,131)	647,992	(38,019,064)
Infrastructure	(216,846,909)	(12,643,680)	4,518,799	(224,971,790)
Library materials	(6,230,782)	(252,056)	95,983	(6,386,855)
Computer software	(3,870,350)	(644,911)	-	(4,515,261)
Total Accumulated depreciation	(469,147,412)	(25,010,750)	5,262,774	(488,895,388)
Capital assets being depreciated, net	358,599,750	(6,620,496)	(2,087,245)	349,892,009
Governmental activities capital assets, net	\$ 971,356,629	\$ 24,390,136	\$ (17,814,519)	\$ 977,932,246

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

For the Year Ended June 30, 2019

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, 2019 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	\$ 9,276,348	\$ -	\$ -	\$ 9,276,348
Construction in progress	<u>15,181,556</u>	<u>6,358,257</u>	<u>(7,014,928)</u>	<u>14,524,885</u>
Total capital assets not being depreciated	<u>24,457,904</u>	<u>6,358,257</u>	<u>(7,014,928)</u>	<u>23,801,233</u>
Capital assets being depreciated:				
Buildings and building improvements	8,831,492	-	-	8,831,492
Improvements other than buildings	179,767,827	4,122,415	(50,474)	183,839,768
Equipment	17,296,210	473,393	-	17,769,603
Parking structures	19,808,901	2,892,514	-	22,701,415
Computer software	<u>278,589</u>	<u>-</u>	<u>-</u>	<u>278,589</u>
Total capital assets being depreciated	<u>225,983,019</u>	<u>7,488,322</u>	<u>(50,474)</u>	<u>233,420,867</u>
Less: Accumulated depreciation for:				
Buildings and building improvements	(7,364,440)	(218,482)	-	(7,582,922)
Improvements other than buildings	(95,297,598)	(2,838,512)	50,474	(98,085,636)
Equipment	(11,351,210)	(466,305)	-	(11,817,515)
Parking structures	(10,877,348)	(463,662)	-	(11,341,010)
Computer software	<u>(111,433)</u>	<u>(13,929)</u>	<u>-</u>	<u>(125,362)</u>
Total Accumulated depreciation	<u>(125,002,029)</u>	<u>(4,000,890)</u>	<u>50,474</u>	<u>(128,952,445)</u>
Capital assets being depreciated, net	<u>100,980,990</u>	<u>3,487,432</u>	<u>-</u>	<u>104,468,422</u>
Business-type activities capital assets, net	<u>\$ 125,438,894</u>	<u>\$ 9,845,689</u>	<u>\$ (7,014,928)</u>	<u>\$ 128,269,655</u>

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

For the Year Ended June 30, 2019

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

B. Capital Assets (Continued)

		<u>June 30, 2019</u>
Governmental activities:		
General government	\$	1,434,505
Finance and management services		263,965
Museum		330,482
Library		309,060
Recreation and community services		2,473,798
Police		4,337,682
Fire		350,929
Public works		13,833,451
Community development		275,219
Internal service funds		<u>1,401,659</u>
Total depreciation expense-governmental activities	\$	<u><u>25,010,750</u></u>
Business-type activities:		<u>June 30, 2019</u>
Water	\$	2,531,447
Parking		383,685
Sewer		624,931
Refuse Collections		3,214
Transportation Center		430,262
Federal Clean Water Protection		<u>27,351</u>
Total depreciation expense - business-type activities	\$	<u><u>4,000,890</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2019. 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	\$ 122,572,004	\$ 64,445,074	\$ 187,017,078
Park improvements	4,088,603	15,455,882	19,544,485
Water system improvements	9,368,831	16,389,925	25,758,756
Sewer improvements	1,946,424	16,264,792	18,211,216
Other improvements	6,883,983	8,992,759	15,876,742

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

For the Year Ended June 30, 2019

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, 2019 is as follows:

Due To/From Other Funds:

<u>Due To Other Funds (Payable)</u>	<u>Due From Other Funds (Receivable)</u>
	Internal Service Self Insurance Fund
Non-major Special Revenue Funds:	
Civic Center & Maintenance Fund	\$ 1,111,091
Non-major Capital Projects Funds:	
Capital Grants Fund	1,924,014
Non-major Enterprise Funds:	
Transportation Center Fund	1,432,807
Internal Service Funds:	
Stores Fund	235,546
City Yard Fund	10,474
Total	\$ 4,713,932

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 Internal Service Stores Fund and the Internal Service City Yard Fund received a temporary advance from the Self Insurance Internal Service Fund, to cover a cash shortfall. The City is evaluating various revenue generating options to enhance its financial condition along with cost-saving measures. The City is also in the process of developing an updated Internal Service Funds Cost Allocation Methodology.

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

For the Year Ended June 30, 2019

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	\$ -	\$ -	\$ 9,573,403	\$ 1,179,404	\$ -	\$ 10,752,807
Special Revenue Gas Tax Fund	-	1,717,906	-	-	-	1,717,906
Water-Major Enterprise Fund	20,433	-	-	-	1,323,705	1,344,138
Parking-Major Enterprise Fund	428	-	-	-	-	428
Sewer-Major Enterprise Fund	-	-	-	-	275,612	275,612
Sanitation -Major Enterprise Fund	3,747	-	-	-	-	3,747
Non-Major Enterprise Fund	-	-	-	-	912,410	912,410
Internal Service Funds	7,281	-	210,870	-	-	218,151
Total	\$ 31,889	\$ 1,717,906	\$ 9,784,273	\$ 1,179,404	\$ 2,511,727	\$ 15,225,199

The General Fund received transfers of \$31,889 for capital lease and loan payments for the 800 MHz Radio System. The transfers consisted of \$20,433 from the Water Major Enterprise Fund, \$428 from the Parking Major Enterprise Fund, \$3,747 from the Sanitation Major Administrative Services Internal Service Fund, \$3,426 from the Equipment Maintenance and Replacement Fund, and \$3,855 from the Engineering and Administrative Services Internal Service Fund.

The Street Construction Capital Projects Fund received \$1,717,906 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 \$9,784,273 for debt service payments of the 1994 Series Police Lease Revenue bonds and the 2014 Private Placement Financing. The transfers consisted of \$9,573,403 from the General Fund and \$210,870 from the Engineering and Administrative Services Internal Service Fund.

The Civic Center & Maintenance Non-Major Special Revenue Funds received transfers of \$1,179,404 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 \$1,323,705 from Water Major Enterprise Fund, \$275,612 from Sewer-Major Enterprise Fund, and \$912,410 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, 2019

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:		
Self Insurance Fund	General Fund	\$ 1,752,000

The \$1,752,000 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.

D. Long Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
<i>Other debt:</i>					
Capital lease obligations	\$ 3,455,990	\$ -	\$ 435,761	\$ 3,020,229	\$ 392,195
Certificates of participation	57,540,000	-	1,600,000	55,940,000	1,675,000
Lease revenue bonds	22,505,000	-	3,205,000	19,300,000	3,407,500
Long-term loans & other payables	1,385,350	-	264,476	1,120,874	249,727
Less: Bond discount	(714,963)	-	(32,498)	(682,465)	-
<i>Direct borrowings and placements:</i>					
Notes from direct borrowings	38,953,792	-	4,415,799	34,537,993	5,057,564
<i>Other long-term liabilities:</i>					
Compensated absences payable	23,631,992	7,922,941	8,747,411	22,807,522	5,701,881
Claims payable - worker's compensation	24,769,129	9,926,135	7,827,397	26,867,867	6,599,500
Claims payable - liability insurance	<u>12,989,712</u>	<u>5,475,786</u>	<u>4,906,343</u>	<u>13,559,155</u>	<u>5,400,000</u>
Governmental activities Long-term liabilities	<u>\$ 184,516,002</u>	<u>\$ 23,324,862</u>	<u>\$ 31,369,689</u>	<u>\$ 176,471,175</u>	<u>\$ 28,483,367</u>
Business-type activities:					
<i>Other debt:</i>					
Revenue bonds payable	\$ 13,735,000	\$ -	\$ 710,000	\$ 13,025,000	\$ 745,000
Add: Bond premium	1,927,024	-	147,289	1,779,735	-
<i>Other long-term liabilities:</i>					
Compensated absences payable	<u>1,954,740</u>	<u>980,457</u>	<u>737,862</u>	<u>2,197,335</u>	<u>549,334</u>
Business-type activities Long-term liabilities	<u>\$ 17,616,764</u>	<u>\$ 980,457</u>	<u>\$ 1,595,151</u>	<u>\$ 17,002,070</u>	<u>\$ 1,294,334</u>

At year-end, \$1.9 million of internal service funds compensated absences are included in the above amounts. The general fund and internal services funds are generally used to liquidate the claims and judgments, the compensated absences, the net pension liability, and the total OPEB liability.

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

For the Year Ended June 30, 2019

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, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Private-purpose trust activities:					
<i>Other debt:</i>					
2003A Tax allocation bonds	\$ 13,245,000	\$ -	\$ 13,245,000	\$ -	\$ -
2003B Tax allocation refunding bonds	5,505,000	-	5,505,000	-	-
2011A Tax allocation bonds	65,985,000	-	65,985,000	-	-
2018A Tax allocation refunding bonds	-	13,605,000	-	13,605,000	2,830,000
2018B Tax allocation refunding bonds	-	58,705,000	-	58,705,000	-
Less: Bond discount	(96,578)	-	(96,578)	-	-
Add: Bond premium	190,853	1,732,107	280,833	1,642,127	-
<i>Other long-term liabilities:</i>					
Compensated absences payable	73,252	24,035	13,058	84,229	21,057
Private-purpose trust					
Long-term liabilities	\$ 84,902,527	\$ 74,066,142	\$ 84,932,313	\$ 74,036,356	\$ 2,851,057

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, 2015, 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 \$4.0 million and accumulated depreciation of \$1.2 million as of June 30, 2019.

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

For the Year Ended June 30, 2019

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, 2019 were as follows:

Period Ending June 30	Payment	Interest
2020	\$ 392,195	\$ 94,571
2021	404,608	82,158
2022	417,413	69,353
2023	430,625	56,141
2024	444,254	42,512
2025	931,134	42,396
Total	<u>\$ 3,020,229</u>	<u>\$ 387,131</u>

Copier Lease. On November 23, 2015, the City entered into an agreement with C3 Office Solutions, LLC to lease copiers stationed at various City locations. On November 23, 2015, 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 were \$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 \$0.5 million as of June 30, 2019. The lease obligations were fully paid off during the current fiscal year.

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.

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.

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

For the Year Ended June 30, 2019

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

D. Long Term Liabilities (Continued)

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, 2019 was \$13.1 million as against the total debt service payment of \$4.2 million. At June 30, 2019, the reserve balance was \$4.3 million. The unpaid balance as of June 30, 2019 was \$55.9 million. Gas Tax Revenue COP debt service requirements to maturity are as follows:

Period Ending June 30	Principal	Interest
2020	\$ 1,675,000	\$ 2,503,931
2021	1,740,000	2,435,631
2022	1,810,000	2,362,821
2023	1,885,000	2,284,284
2024	1,965,000	2,200,772
2025-2029	11,220,000	9,579,847
2030-2034	14,035,000	6,687,760
2035-2039	17,595,000	3,054,631
2040	4,015,000	98,481
Total	\$ 55,940,000	\$ 31,208,158

LEASE REVENUE BONDS

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

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

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

For the Year Ended June 30, 2019

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, 2019 was \$19.3 million.

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

Period Ending		Principal		Interest
June 30				
2020	\$	3,407,500	\$	1,206,250
2021		3,620,000		993,282
2022		3,845,000		767,032
2023		4,085,000		526,719
2024		4,342,500		271,406
Total	\$	<u>19,300,000</u>	\$	<u>3,764,689</u>

NOTES FROM DIRECT BORROWINGS

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 2017 through 2028, in amounts ranging from \$0.4 to \$0.7 million and bear interest at 3.75%. The remaining \$37.0 million of the proceeds was used to partially advance refund the 1994 Police Administration and Holding Facility Lease Revenue Bonds. These issues will mature serially on July 1, beginning 2015 through 2024, in amounts ranging from \$3.1 million to \$4.3 million and bear interest at 3.32%. The unpaid balance as of June 30, 2019 was \$25.7 million.

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

For the Year Ended June 30, 2019

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
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	2,460,000	166,000	1,115,000	75,364	1,165,000	174,701	4,740,000	416,065
2024	2,540,000	84,328	1,155,000	38,346	1,200,000	133,069	4,895,000	255,743
2025-2028	-	-	-	-	2,725,000	209,156	2,725,000	209,156
Total	\$ 11,915,000	\$ 1,212,464	\$ 5,410,000	\$ 550,456	\$ 8,350,000	\$ 1,277,094	\$ 25,675,000	\$ 3,040,014

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 (now known as Suncrest Bank). The City's partnership costs totaling \$2.3 million were 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, 2019 was \$0.7 million.

The annual debt service requirements are as follows:

Period Ending June 30	Principal		Interest	
2020	\$	105,607	\$	19,330
2021		108,811		16,126
2022		112,112		12,825
2023		115,514		9,423
2024		119,018		5,919
2025		122,629		2,308
Total	\$	683,691	\$	65,931

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 and final 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, 2019 was \$1.1 million.

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

For the Year Ended June 30, 2019

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		Principal		Interest
2020	\$	173,581	\$	32,921
2021		179,025		27,477
2022		184,640		21,863
2023		190,430		16,072
2024		196,402		10,099
2025		202,562		3,940
Total	\$	1,126,640	\$	112,372

Streetlights Acquisition and Upgrade Project Financing. On April 4, 2017, City Council approved a Purchase and Sale agreement with SCE to acquire streetlights in Santa Ana. On April 6, 2018, the City executed an agreement with Siemens Industry, Inc., to purchase and install Light Emitting Diode fixtures for citywide streetlight upgrades; the City also execute an agreement with Magellan Advisors to provide citywide fiber-optic and wireless broadband network consulting services. The City financed the project by entering into an equipment lease- purchase agreement with Holman Capital Corporation (Holman) and an escrow deposit agreement with Signature Bank on April 6, 2018. The total amount financed was \$7.1 million at interest rate of 3.3% per annum.

The annual debt service requirements are as follows:

Period Ending		Principal		Interest
June 30		Principal		Interest
2020	\$	488,376	\$	294,174
2021		563,960		218,591
2022		582,739		199,811
2023		602,145		180,406
2024		622,196		160,354
2025-2029		3,435,915		476,836
2030		757,331		25,219
Total	\$	7,052,662	\$	1,555,391

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 \$2.1 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, 2019 was \$1.1 million.

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

For the Year Ended June 30, 2019

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

D. Long Term Liabilities (Continued)

The annual debt service requirements are as follows:

Period Ending June 30	Principal
2020	\$ 249,727
2021	215,138
2022	195,901
2023	177,256
2024	145,435
2025-2028	137,417
Total	\$ <u>1,120,874</u>

COMPENSATED ABSENCES PAYABLE

The City's policies relating to compensated absences are described in Note 1D. The outstanding balance at June 30, 2019 was \$22.8 million, \$2.2 million, and \$0.08 million for the Governmental Activities, Business-type Activities, and Private-Purpose Trust 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.

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, 2017, 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, 2019 was \$10.4 million as against total debt payment of \$1.6 million. There is no requirement for establishing a reserve fund as security for the Bonds. The unpaid balance as of June 30, 2019 was \$13.0 million.

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

For the Year Ended June 30, 2019

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

D. Long Term Liabilities (Continued)

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

Period Ending June 30	Principal	Interest
2020	\$ 745,000	\$ 608,700
2021	785,000	570,450
2022	820,000	530,325
2023	865,000	488,200
2024	905,000	450,738
2025-2029	5,165,000	1,578,250
2030-2032	3,740,000	286,750
Total	<u>\$ 13,025,000</u>	<u>\$ 4,513,413</u>

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

	<u>June 30, 2019</u>
Operating revenue	\$ 56,227,193
Operating expenses (net of depreciation expense of \$ 2,531,447)	<u>45,807,948</u>
Net revenue	10,419,245
Amount required for payment of principal and interest payable for the year ended June 30, 2020 (\$1,353,700 x 1.20)	<u>1,624,440</u>
Excess of net revenue over amount required	<u>\$ 8,794,805</u>

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

For the Year Ended June 30, 2019

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. The bonds were fully defeased in the current fiscal year with the issuance of the Series 2018A Tax Allocation Refunding Bonds.

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 were fully defeased in the current fiscal year with the issuance of the Series 2018A Tax Allocation Refunding Bonds.

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 bonds were fully defeased in the current fiscal year with the issuance of the Series 2018B Tax Allocation Refunding Bonds.

2018A Tax Allocation Refunding Bonds. On November 1, 2018, the Successor Agency to the former Community Redevelopment Agency of the City of Santa Ana issued the Series 2018A Tax Allocation Refunding Bonds in the amount of \$13.6 million. The proceeds of the bonds were used for defeasance and refinancing of the 2003A Tax Allocation Bonds and 2003B Tax Allocation Refunding Bonds. The 2018A Tax Allocation Refunding Bonds mature serially starting on September 1, 2019 through September 1, 2031 in amounts ranging from \$0.3 million to \$2.8 million and pay interest at rates varying from 4.0% to 5.0%.

The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain Tax Revenues. The Bonds do not constitute a debt or liability of the City of Santa Ana or of any of its political subdivisions, other than the Successor Agency. The Payment of principal and interest on the bonds is covered by a municipal bond insurance policy. The refunding resulted in cash flow difference of \$1.5 million and an economic gain (difference between the present values of the old debt and new debt service payment) of \$1.2 million.

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

For the Year Ended June 30, 2019

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

D. Long Term Liabilities (Continued)

The 2018A Tax Allocation Refunding Bonds debt service to maturity is as follows:

Period Ending June 30	Principal	Interest
2020	\$ 2,830,000	\$ 579,550
2021	340,000	516,150
2022	445,000	500,450
2023	795,000	475,650
2024	830,000	439,000
2025-2029	4,835,000	1,510,875
2030-2031	3,530,000	270,500
Total	<u>\$ 13,605,000</u>	<u>\$ 4,292,175</u>

2018B Tax Allocation Refunding Bonds. On November 1, 2018, the Successor Agency to the former Community Redevelopment Agency of the City of Santa Ana issued the Series 2018B Tax Allocation Refunding Bonds in the amount of \$58.7 million. The proceeds of the bonds were used for defeasance and refinancing of the 2011A Tax Allocation Bonds. The 2018B Tax Allocation Refunding Bonds mature serially starting on March 1, 2019 through March 1, 2028 in amounts ranging from \$3.4 million to \$11.3 million and pay interest at rates varying from 3.3% to 4.0%.

The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain Tax Revenues. The Bonds do not constitute a debt or liability of the City of Santa Ana or of any of its political subdivisions, other than the Successor Agency. The Payment of principal and interest on the bonds is covered by a municipal bond insurance policy. The refunding resulted in cash flow difference of \$11.5 million and an economic gain (difference between the present values of the old debt and new debt service payment) of \$9.7 million.

The 2018B Tax Allocation Refunding Bonds debt service to maturity is as follows:

Period Ending June 30	Principal	Interest
2020	\$ -	\$ 2,175,810
2021	-	2,175,810
2022	3,415,000	2,118,677
2023	8,030,000	1,922,344
2024	8,635,000	1,629,139
2025-2028	38,625,000	3,103,814
Total	<u>\$ 58,705,000</u>	<u>\$ 13,125,594</u>

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

For the Year Ended June 30, 2019

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

D. Long Term Liabilities (Continued)

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") 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 Successor Agency issued the 2018 Series A and B Bonds to refund the 2003A and 2011 Tax Allocation Bonds and the 2003B Tax Allocation Refunding Bonds on November 8, 2018. The RPTTF distribution revenues have been pledged until the year 2031 for the 2018 Series A bonds and 2028 for 2018 Series B Bonds in accordance with ROPS.

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

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

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, 2019 for the bonds was as follows:

Number	Fixed Rate Issues	Bonds Issued	Bonds Outstanding
2015-01	Warner Industrial Community	\$ 1,585,000	\$ 1,460,000
	Total Fixed Rate Issues	<u>\$ 1,585,000</u>	<u>\$ 1,460,000</u>

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

For the Year Ended June 30, 2019

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, 2019, the City and the Housing Authority of the City has 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 housing. 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.

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 multi-family units in amounts up to \$75,000 at 0% to 3% interest, which are either amortized over 20 to 30 years or deferred up to 5 years for single-family homes. 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 at a rate of 20% of the loan amount per year and totally forgiven after five years of owner occupancy.

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

For the Year Ended June 30, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Bonds and Loan Programs (Continued)

A number of loans which may be forgiven are “Gap Loans” to homebuyers for homes that were built by Habitat for Humanity. The “Gap Loan” represents the difference between the current market rate appraised value and the affordable sales price. 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.

The City Council also approved a down payment assistance loan program for first time homebuyers. The program offers 0% interest, deferred payment loans up to \$40,000 to \$80,000 depending on the household income level of the qualifying person. All loans are deferred for 45 years or are due upon sale with the loan secured by a deed of trust. A student incentive is also provided to a college graduate who attended a local Santa Ana high school in which \$10,000 may be forgiven every five years up to \$40,000 in total loan forgiveness.

In addition, the City provides residual receipt loans up to 3% interest to developers of multi-family affordable housing projects for new construction or acquisition/rehabilitation.

In March 2012, the City of Santa Ana, acting as Successor Agency to the Community redevelopment Agency of the City of Santa Ana, entered into an agreement with Vista Del Rio Housing Partners for the acquisition and development of 41 units of special needs housing. There are no periodic payments required per the Promissory Note, and provided that no Default or Event of Default has occurred under the Loan Documents, the entire amount of \$ 2,900,000.00 shall be forgiven on the Maturity date of March, 2067.

The various loan programs described above are funded by the HOME Investment Partnerships Program, Community Development Block Grant, Low and Moderate Income Housing Asset Fund, Inclusionary Housing Fund, Neighborhood Stabilization Program, and other grant funds that are available to create affordable housing and rehabilitate existing housing. 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 5.50 percent as of June 30, 2019. 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	\$ 42,043,299	(322,098)	\$ 41,721,201
Community Development Block Grants	3,070,271	(5,423)	3,064,848
Neighborhood Stabilization Program	9,629,167	-	9,629,167
CalHome Program	1,285,023	(133,341)	1,151,682
Total Special Revenue Grants	<u>56,027,760</u>	<u>(460,862)</u>	<u>55,566,898</u>
Capital Projects - Inclusionary Housing Fee	6,155,000	(40,000)	6,115,000
Capital Projects - Housing Successor Agency	74,651,908	(46,027,908)	28,624,000
	<u>\$ 136,834,668</u>	<u>\$ (46,528,770)</u>	<u>\$ 90,305,898</u>

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

For the Year Ended June 30, 2019

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, 2019 totaled \$3.9 million.

Period Ending June 30	Principal Component	Interest Component	Total Lease Payment
2020	\$ 500,697	\$ 136,322	\$ 637,019
2021	518,884	118,135	637,019
2022	537,732	99,287	637,019
2023	557,264	79,755	637,019
2024	577,507	59,512	637,019
2025-2026	1,218,707	55,331	1,274,038
	<u>\$ 3,910,791</u>	<u>\$ 548,342</u>	<u>\$ 4,459,133</u>

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

For the Year Ended June 30, 2019

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, 2019 was \$3.6 million. These amounts are reported as assigned fund balance in the governmental funds.

Encumbrances	June 30, 2019
General Fund	\$ 601,078
Special Revenue Grants	128,225
Special Revenue Gas Tax	60,992
Capital Projects Street Construction	223,967
Water	1,284,122
Sewer	563,106
Sanitation	97,418
Nonmajor Capital Project Funds	555,425
Nonmajor Enterprise Funds	25,613
Internal Services Funds	37,306
	\$ 3,577,252

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

For the Year Ended June 30, 2019

NOTE 4. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to employee injury or illness; 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, workers' compensation and general liability claims. From July 1, 2018 through September 30, 2018, the City's General Liability and Workers' Compensation programs were self-administered (staffed by City employees). In September 2018, upon approval by the City Council, the City contracted with a Third Party Administrator, AdminSure, Inc. for all claims handling and administration. The City transitioned all files to AdminSure to administer effective October 1, 2018,. The claims adjusters estimate total losses for each claim and determines reserve requirements for the General 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. The City is a member of California State Association of Counties – Excess Insurance Authority (CSAC-EIA) for excess workers' compensation claims in excess of \$1 million per occurrence. CSAC-EIA is internationally recognized as a leading risk sharing pool for its member-directed operating philosophy and commitment to member fiscal sustainability. 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. 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 general liability and workers' compensation programs.

Claims expenses and liabilities are reported in accordance with the Memorandum of Coverage and associated reporting procedures with BICEP, including, 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 (IBNR). 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, 2019, the outstanding losses for the workers' compensation and general 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, 2019.

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

For the Year Ended June 30, 2019

NOTE 4. OTHER INFORMATION (CONTINUED):

A. Risk Management (Continued)

Changes in the balances of claims liabilities since July 1, 2017 resulted from the following:

	Workers		
	<u>Compensation</u>	<u>Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2017	\$ 23,877,950	\$ 11,406,384	\$ 35,284,334
Claims and Changes in Estimate	10,832,344	3,654,531	14,486,875
Claims Payments	<u>(6,248,794)</u>	<u>(1,662,139)</u>	<u>(7,910,933)</u>
Unpaid Claims - June 30, 2018	28,461,500	13,398,776	41,860,276
Less Discount Taken	<u>(3,692,371)</u>	<u>(409,064)</u>	<u>(4,101,435)</u>
Net Unpaid Claims - June 30, 2018	<u>\$ 24,769,129</u>	<u>\$ 12,989,712</u>	<u>\$ 37,758,841</u>

	Workers		
	<u>Compensation</u>	<u>Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2018	\$ 24,769,129	\$ 12,989,712	\$ 37,758,841
Claims and Changes in Estimate	11,869,035	5,332,080	17,201,115
Claims Payments	<u>(5,728,659)</u>	<u>(4,336,900)</u>	<u>(10,065,559)</u>
Unpaid Claims - June 30, 2019	30,909,505	13,984,892	44,894,397
Less Discount Taken	<u>(4,041,638)</u>	<u>(425,737)</u>	<u>(4,467,375)</u>
Net Unpaid Claims - June 30, 2019	<u>\$ 26,867,867</u>	<u>\$ 13,559,155</u>	<u>\$ 40,427,022</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the total for the internal service funds claims payable is included as part of the \$40.4 million of claims payable for governmental activities.

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, 2019 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, 2019

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. Enterprise Fund expenses are property related. In October 2019, the City Council authorized staff to prepare proposed water and sewer rate adjustment notices to all Santa Ana property owners.

Orange County Local Transportation Authority (OCLTA) Measure M2 Local Fair Share Review. To receive allocations from the Proposition M2 county-wide half-cent sales tax administered by the Orange County Transit Authority (OCTA), the City has a Maintenance of Effort (MOE) requirement to spend General Fund money for street maintenance. In March 2019, OCTA determined the City did not meet its MOE spending requirement of \$7.6 million for the fiscal year 2017-18 and began holding M2 distributions to the City in May 2019. The City is expected to undergo an MOE audit in December 2019. If the City meets the fiscal year 2018-19 \$7.7 million spending requirement, plus the \$0.3 million fiscal year 2017-18 shortfall, the held payments will be released no later than March 2020. The total amount of payments withheld as of June 30, 2019 was \$0.9 million.

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.

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

For the Year Ended June 30, 2019

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). 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. PEPRA 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, 2019

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

E Defined Benefit Pension Plan (Continued)

The Plan's provisions and benefits in effect at the June 30, 2018 measurement date are summarized as follows:

	Miscellaneous	
	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 - 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 (Normal Cost Rate)	9.767%	5.496%
Required employer contribution (Unfunded Liability) \$	18,337,141	Included in Tier 1

	Safety	
	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 (Normal Cost Rate)	21.914%	11.502%
Required employer contribution (Unfunded Liability) \$	19,367,208	Included in Tier 1

Employees Covered

At the measurement date June 30, 2018, the following employees were covered by the benefit terms of each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	1,447	960
Inactive employees entitled to but not yet receiving benefits	856	171
Active employees	713	317
Total	<u>3,016</u>	<u>1,448</u>

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

For the Year Ended June 30, 2019

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 2018-19, 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. For fiscal year 2018-19, the Employer Normal Cost Rate was 21.91% for safety employees and 9.77% for non-safety employees. The City also contributed Employer Payment of Unfunded Liability of \$19.4 million for safety employees and \$18.3 million 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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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, 2019

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increase	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Income	(3)	(3)

(1) Varies by Entry Age and Service.

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

(3) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

Change of Assumptions

In fiscal year 2018-2019, the inflation rate was decreased from 2.75% to 2.50%. In addition, in the prior year, the post retirement benefit increase assumption for the contract COLA was 2.75% until purchasing power protection allowance floor on purchasing power applies and then 2.75% thereafter. In the current year, the post retirement benefit increase assumption for the contract COLA was 2.0% until purchasing power protection allowance floor on purchasing power applies and then 2.50% thereafter.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the Year Ended June 30, 2019

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Long-term Expected Rate of Return

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. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long-term (11+ 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 fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset Class (a)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(b)</u>	<u>Real Return Years 11+(c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

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, 2019

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, 2017 (VD) ⁽¹⁾	\$ 872,204,237	\$ 593,521,935	\$ 278,682,302
Changes in the year:			
Service cost	11,348,737	-	11,348,737
Interest on the total pension liability	61,037,490	-	61,037,490
Differences between expected and actual experience	1,935,068	-	1,935,068
Changes in assumptions	(4,549,188)	-	(4,549,188)
Plan to Plan Resource Movement	-	(1,444)	1,444
Contribution from the employer	-	21,163,207	(21,163,207)
Contribution from the employee	-	5,111,516	(5,111,516)
Net investment income	-	49,494,120	(49,494,120)
Benefit payments, including refunds of employee contributions	(43,186,575)	(43,186,575)	-
Administrative expense	-	(924,871)	924,871
Other Miscellaneous Income/(Expense)	-	(1,756,345)	1,756,345
Net changes during 2017-18	\$ 26,585,532	\$ 29,899,608	\$ (3,314,076)
Balance at June 30, 2018 (MD) (1)	\$ 898,789,769	\$ 623,421,543	\$ 275,368,226

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 (VD) ⁽¹⁾	\$ 1,103,807,430	\$ 751,160,159	\$ 352,647,271
Changes in the year:			
Service cost	12,192,473	-	12,192,473
Interest on the total pension liability	77,086,590	-	77,086,590
Differences between expected and actual experience	4,973,371	-	4,973,371
Changes in assumptions	(4,470,521)	-	(4,470,521)
Plan to plan Resource Movement	-	(1,796)	1,796
Contribution from the employer	-	24,277,484	(24,277,484)
Contribution from the employee	-	4,155,374	(4,155,374)
Net investment income	-	61,839,581	(61,839,581)
Benefit payments, including refunds of employee contributions	(64,544,773)	(64,544,773)	-
Administrative expense	-	(1,170,514)	1,170,514
Other Miscellaneous Income/(Expense)	-	(2,222,827)	2,222,827
Net changes during 2017-18	\$ 25,237,140	\$ 22,332,529	\$ 2,904,611
Balance at June 30, 2018 (MD) (1)	\$ 1,129,044,570	\$ 773,492,688	\$ 355,551,882

⁽¹⁾ The table above is based on the Valuation Date (VD) June 30, 2017 and the Measurement Date (MD) of June 30, 2018.

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

For the Year Ended June 30, 2019

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 of 7.15%, 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 (6.15%), or 1-percentage point higher (8.15%) than the current rate:

	<u>Miscellaneous</u>		<u>Safety</u>
1% Decrease	6.15%		6.15%
Net Pension Liability	\$ 394,936,835	\$	501,777,807
Current Discount Rate	7.15%		7.15%
Net Pension Liability	\$ 275,368,226	\$	355,551,882
1% Increase	8.15%		8.15%
Net Pension Liability	\$ 176,739,990	\$	235,428,696

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, 2019, the City recognized pension expense of \$57.4 million for safety plan and \$41.7 million for non-safety employees. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 24,143,358	\$	-
Differences between expected and actual experience	1,128,790		(1,333,092)
Changes of assumptions	6,447,770		(2,653,693)
Net differences between projected and actual earnings on pension plan investments	2,279,711		-
Total	\$ 33,999,629	\$	(3,986,785)

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

For the Year Ended June 30, 2019

NOTE 4. OTHER INFORMATION (CONTINUED):

E. Defined Benefit Pension Plan (Continued)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 27,718,529	\$ -
Differences between actual and expected experience	2,901,133	(585,615)
Changes of assumptions	2,900,096	(2,607,804)
Net differences between projected and actual earnings on pension plan investments	4,108,315	-
Total	\$ 37,628,073	\$ (3,193,419)

\$51.9 million Amounts reported deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. 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	Deferred Outflows/(inflows) of Resources		
	Miscellaneous	Safety	Total
2020	\$ 11,953,599	\$ 13,359,878	\$ 25,313,477
2021	1,481,244	2,879,039	4,360,283
2022	(5,995,763)	(7,581,019)	(13,576,782)
2023	(1,569,594)	(1,941,773)	(3,511,367)
2024	-	-	-
Thereafter	-	-	-

e. Payable to the Pension Plan:

As of June 30, 2019, the City had \$0.9 million of contributions payable to the pension plan required for the year ended June 30, 2019.

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

For the Year Ended June 30, 2019

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

F. Supplementary Retirement Plan

1. 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.

2. 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.

3. Funding Policy:

The City has made available an original annual amount of \$119,768 to the plan in accordance with the payment terms defined by the plan. This amount has increased annually due to an annual compounding cost of living adjustment of two percent (2%) per year. For fiscal year 2018-19, the City's annual PARS contribution was \$133,543.

4. 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, 2019, using an annual actuarial valuation as of June 30, 2019. 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, 2019

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	6/30/2019
Measurement Date	6/30/2019
Actuarial Cost Method	Entry-Age Normal
Amortization Method:	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 06/30/2019	13 Years
Amortization growth rate	0.00%
Asset Valuation Method:	
Smoothing period	None
Recognition method	None
Corridor	None
Actuarial Assumptions:	
Inflation	N/A
Projected Salary Increase	N/A
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, 2019, 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, 2019

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, 2019, 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 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019 resulting in an increase in the single equivalent rate from 3.87% as of July 1, 2018 to 3.50% as of June 30, 2019.

The unfunded liability, referred to as the Net Pension Liability, is \$2.3 million for a funded ratio of 2.81% as of June 30, 2019.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	100%	0.71%	0.71%
Assumed Inflation- Mean			2.21%	2.20%
Assumed Inflation - Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			0.71%	0.71%
Portfolio Nominal Mean Return			2.93%	2.92%
Portfolio Standard Deviation				0.22%
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, 2019

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 at June 30, 2018	\$ 2,310,414	\$ 64,287	\$ 2,246,127
Service cost	-	-	-
Interest on total pension liability	87,013	-	87,013
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	15,006	-	15,006
Effect of assumptions changes or inputs	100,758	-	100,758
Benefit payments	(125,234)	(125,234)	-
Employer contributions	-	133,543	(133,543)
Member contributions	-	-	-
Net investment income	-	1,543	(1,543)
Administrative expenses	-	(7,114)	7,114
Balances at June 30, 2019	\$ 2,387,957	\$ 67,025	\$ 2,320,932

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 3.50%, 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 (2.50%) or 1 percentage point higher (4.50%) than the current rate.

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Net pension liability	\$ 2,631,469	\$ 2,320,932	\$ 2,063,639

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

As of June 30, 2019, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan	5,903	-
Total	\$ 5,903	\$ -

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

For the Year Ended June 30, 2019

NOTE 4. OTHER INFORMATION (CONTINUED):

F. Supplementary Retirement Plan (Continued)

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		Amount
<u>June 30</u>		<u>Amount</u>
2020	\$	2,547
2021		1,794
2022		1,092
2023		470
Thereafter*		-

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

6. Pension Expense:

	July 1, 2018 to <u>June 30, 2019</u>
Service cost	\$ -
Interest on total pension liability	87,013
Effect of plan changes	-
Administrative expenses	7,114
Member contributions	-
Expected investment return net of investment expenses	(3,893)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	15,006
Recognition of assumption changes or inputs	100,758
Recognition of investment gains or losses	<u>3,298</u>
Pension Expense	<u>\$ 209,296</u>

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

For the Year Ended June 30, 2019

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Other Post-Employment Benefits (OPEB) Plan

a. Plan Description

The City provides a single-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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a separate report. The CalPERS Board of Administration consists of thirteen members who are elected, appointed, or hold office ex officio. The board composition is mandated by law and can only be changed by a majority of the registered voters in the state.

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 95% of the \$133 (\$126.35) for calendar year 2018 and 100% of the \$136 for calendar year 2019 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. The CalPERS Board of Administration approves the employer contribution rate and plan changes annually based on Government Code section 22892. During the fiscal year 2018-19 (measurement period 2017-18), the total City's PEMHCA contribution for retirees was \$0.6 million and the implicit subsidy was \$1.3 million for a total of \$1.9 million.

d. Employees Covered

As of the June 30, 2018 measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries	
currently receiving benefits	425
Active employees	478
Total	<u>903</u>

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

For the Year Ended June 30, 2019

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Other Post-Employment Benefits (OPEB) Plan (Continued)

e. Total OPEB Liability

The City's total OPEB liability of \$56.9 million was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.98%
Inflation	2.75%
Projected Salary Increase	3.25% per annum, in aggregate
Healthcare Cost Trend Rates	7.5% and grade down to 5% for years 2024 and thereafter
Pre-retirement Turnover	Derived from CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the California Public Employees Retirement System (CalPERS) using data from 1997 to 2011, except for a different basis used to project future mortality improvements.

Discount Rate

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Index. As of the beginning and end of Measurement period, use of this index results in discount rates of 3.13% as of June 30, 2017 and 2.98% as of June 30, 2018.

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

For the Year Ended June 30, 2019

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Other Post-Employment Benefits (OPEB) Plan (Continued)

Changes in Total OPEB Liability

The changes in total OPEB liability are as follows:

		<u>Total OPEB Liability</u>
Balance at June 30, 2018 ⁽¹⁾	\$	54,574,529
Changes in the Year:		
Service cost		1,308,802
Interest on the total OPEB liability		1,718,488
Differences between expected and actual experience		-
Changes of assumptions		1,248,914
Benefit payments		<u>(1,959,112)</u>
Net Changes		<u>2,317,092</u>
Balance at June 30, 2019 ⁽¹⁾	\$	<u><u>56,891,621</u></u>

(1) The table above is based on the Valuation Date of June 30, 2017 and the Measurement Date of June 30, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate for the Plan, as well as what the City's total OPEB 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:

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.98%</u>	<u>2.98%</u>	<u>3.98%</u>
Total OPEB Liability	\$ 66,455,411	\$ 56,891,621	\$ 49,312,837

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

For the Year Ended June 30, 2019

NOTE 4. OTHER INFORMATION (CONTINUED):

G. Other Post-Employment Benefits (OPEB) Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease 6.50%	Current Healthcare Cost Trend Rates 7.50%	1% Increase 8.50%
Total OPEB Liability	\$ 47,830,267	\$ 56,891,621	\$ 71,241,977

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$2,493,859. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to measurement date	\$ 2,040,940	\$ -
Change of assumptions	964,423	1,953,532
Total	\$ 3,005,363	\$ 1,953,532

The change in assumptions is amortized over the expected average remaining service life. The expected average remaining service life for the 2017-18 measurement period is 4.39 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2020	\$ (533,431)
2021	(533,431)
2022	(33,197)
2023	110,950
2024	-
Thereafter	-

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

For the Year Ended June 30, 2019

NOTE 4. OTHER INFORMATION (CONTINUED):

H. Classification of Fund Balances

The City's fund balances at June 30, 2019 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	\$ -	\$ -	\$ 20,247	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,247
Total Nonspendable	-	-	20,247	-	-	-	-	-	-	20,247
Restricted:										
Debt service	-	-	-	-	-	-	142,918	-	-	142,918
Public works streetlight project	1,566,928	-	-	-	-	-	-	-	-	1,566,928
Public safety grants	-	6,118,342	-	-	-	-	-	-	-	6,118,342
Housing & urban development	-	3,650,209	3,336,912	-	33,014,290	-	-	-	14,730,876	54,732,287
Recreation services	-	46,243	-	-	-	-	-	-	-	46,243
Street capital improvement projects	-	-	-	25,168,547	-	33,886,857	-	-	-	59,055,404
Drainage construction	-	-	-	-	-	-	-	-	3,296,488	3,296,488
Inmate welfare	-	-	-	-	-	-	-	-	771,195	771,195
Sewer system maintenance	-	-	-	-	-	-	-	-	12,866,589	12,866,589
Air quality improvements	-	-	-	-	-	-	-	-	1,086,119	1,086,119
Park acquisition & development	-	-	-	-	-	-	-	-	15,314,820	15,314,820
Community development capital projects	-	-	-	-	-	-	-	-	6,203,485	6,203,485
Capital grants	-	-	-	-	-	-	-	-	22,769	22,769
Pension stability funds	513,627	-	-	-	-	-	-	-	-	513,627
Total restricted	2,080,555	9,814,794	3,336,912	25,168,547	33,014,290	33,886,857	142,918	-	54,292,341	161,737,214
Assigned:										
Contractual obligations	601,078	-	-	-	-	-	-	-	-	601,078
Surplus Allocation FY14-15:										
Equipment & system upgrades	549,686	-	-	-	-	-	-	-	-	549,686
Capital improvement projects	75,698	-	-	-	-	-	-	-	-	75,698
General Plan updates	991,725	-	-	-	-	-	-	-	-	991,725
Homelessness/Communications	305,939	-	-	-	-	-	-	-	-	305,939
City-wide placemaking & branding	20,000	-	-	-	-	-	-	-	-	20,000
Strategic Plan										
City Public Safety & Community										
Benefit Programs	863,678	-	-	-	-	-	-	-	-	863,678
Fire Facilities Fund	1,963,436	-	-	-	-	-	-	-	-	1,963,436
Cable TV (PEG)	1,131,347	-	-	-	-	-	-	-	-	1,131,347
Continuing projects:										
SARTC Capital Project	174,900	-	-	-	-	-	-	-	-	174,900
3rd and Broadway Project	50,400	-	-	-	-	-	-	-	-	50,400
Center Street Urban Greening	161,000	-	-	-	-	-	-	-	-	161,000
National Fitness Campaign Fitness Court	120,000	-	-	-	-	-	-	-	-	120,000
City's 150th Anniversary	36,600	-	-	-	-	-	-	-	-	36,600
Census Outreach	99,606	-	-	-	-	-	-	-	-	99,606
Quality of Life Team	1,100,000	-	-	-	-	-	-	-	-	1,100,000
Senior Services	100,000	-	-	-	-	-	-	-	-	100,000
Library and Parks Maintenance	100,000	-	-	-	-	-	-	-	-	100,000
Cannabis Public Benefit- Youth Programs	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Streetlight Replacement	1,167,684	-	-	-	-	-	-	-	-	1,167,684
Total assigned	10,695,577	-	-	-	-	-	-	-	-	10,695,577
Unassigned:										
General Fund										
Operating Reserve	44,866,475	-	-	-	-	-	-	-	-	44,866,475
Economic Uncertainty Reserve	3,845,592	-	-	-	-	-	-	-	-	3,845,592
Unallocated Amount	13,924,029	-	-	-	-	-	-	-	-	13,924,029
Special Revenue Funds	-	(1,445,174)	-	-	-	-	-	-	(1,207,415)	(2,652,589)
Capital Projects Funds	-	-	-	-	-	-	-	-	(1,631,521)	(1,631,521)
Total unassigned	62,636,096	(1,445,174)	-	-	-	-	-	-	(2,838,936)	58,351,986
Total	\$ 75,412,228	\$ 8,369,620	\$ 3,357,159	\$ 25,168,547	\$ 33,014,290	\$ 33,886,857	\$ 142,918	\$ 51,453,405	\$ 230,805,024	

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

For the Year Ended June 30, 2019

NOTE 4. OTHER INFORMATION (CONTINUED):

H. Classification of Fund Balances (Continued)

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, 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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 135,890,906	\$ 136,412,547	\$ 142,002,496	\$ 5,589,949
License and permits	19,093,829	13,012,858	9,946,891	(3,065,967)
Intergovernmental	50,607,829	69,083,028	67,951,954	(1,131,074)
Charges for services	16,076,757	17,234,222	16,776,893	(457,329)
Fines and forfeits	6,131,570	4,822,970	5,651,372	828,402
Investment income	594,056	594,056	2,179,290	1,585,234
Cost recoveries and donations	11,407,804	11,535,365	12,044,426	509,061
Rental income	17,034,912	17,034,912	16,848,228	(186,684)
Miscellaneous	2,197,619	2,197,619	2,130,677	(66,942)
Total revenues	<u>259,035,282</u>	<u>271,927,577</u>	<u>275,532,227</u>	<u>3,604,650</u>
Expenditures:				
Current:				
General Government:				
City Council	451,615	451,615	448,942	2,673
Clerk of the Council	1,648,822	1,399,242	1,306,248	92,994
City Attorney	3,483,427	3,496,887	3,312,443	184,444
City Manager	2,251,835	2,536,336	2,536,336	-
Nondepartmental	2,189,315	2,938,990	4,158,270	(1,219,280)
Total General Government	<u>10,025,014</u>	<u>10,823,070</u>	<u>11,762,239</u>	<u>(939,169)</u>
Human Resources	2,016,698	2,019,412	1,858,518	160,894
Finance and Management Services	6,079,279	6,489,424	6,073,730	415,694
Museum	1,476,130	1,476,130	1,472,784	3,346
Library	4,589,480	4,124,057	4,253,772	(129,715)
Recreation and Community Services	18,204,273	18,498,071	17,734,237	763,834
Police Department	132,391,022	132,564,362	132,101,981	462,381
Fire Department	52,925,536	52,925,536	52,410,181	515,355
Planning and Building	15,642,733	16,450,617	11,952,215	4,498,402
Public Works	7,841,430	9,879,669	8,481,824	1,397,845
Community Development	1,355,107	2,072,488	1,772,463	300,025
	<u>242,521,688</u>	<u>246,499,766</u>	<u>238,111,705</u>	<u>8,388,061</u>
Capital Outlay	1,383,570	3,106,761	7,250,711	(4,143,950)
Debt Service:				
Principal retirement	2,066,504	2,188,511	1,298,230	890,281
Interest and fiscal charges	210,255	210,255	337,279	(127,024)
Total expenditures	<u>256,207,031</u>	<u>262,828,363</u>	<u>258,760,164</u>	<u>4,068,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,828,251</u>	<u>9,099,214</u>	<u>16,772,063</u>	<u>7,672,849</u>
Other financing sources (uses):				
Transfers in	-	-	31,889	31,889
Transfers out	(10,758,076)	(10,758,076)	(10,752,807)	5,269
Total other financing sources (uses)	<u>(10,758,076)</u>	<u>(10,758,076)</u>	<u>(10,720,918)</u>	<u>37,158</u>
Net change in fund balances	(7,929,825)	(1,658,862)	6,051,145	7,710,007
Fund balance - beginning	<u>69,361,083</u>	<u>69,361,083</u>	<u>69,361,083</u>	<u>-</u>
Fund balance - ending	<u>\$ 61,431,258</u>	<u>\$ 67,702,221</u>	<u>\$ 75,412,228</u>	<u>\$ 7,710,007</u>

See accompanying Notes to Required Supplementary Information.

Special Revenue Housing Authority Fund
Budgetary Comparison Schedule
Year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 35,821,760	\$ 38,591,068	\$ 35,897,050	\$ (2,694,018)
Investment income	36,000	36,000	54,788	18,788
Cost recoveries	-	-	58,014	58,014
Miscellaneous	105,000	105,000	161,977	56,977
Total revenues	<u>35,962,760</u>	<u>38,732,068</u>	<u>36,171,829</u>	<u>(2,560,239)</u>
Expenditures:				
Current:				
Community development	<u>36,562,985</u>	<u>39,361,400</u>	<u>35,791,334</u>	<u>3,570,066</u>
Total expenditures	<u>36,562,985</u>	<u>39,361,400</u>	<u>35,791,334</u>	<u>3,570,066</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(600,225)</u>	<u>(629,332)</u>	<u>380,495</u>	<u>1,009,827</u>
Net change in fund balance	(600,225)	(629,332)	380,495	1,009,827
Fund balance - beginning	<u>2,976,664</u>	<u>2,976,664</u>	<u>2,976,664</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,376,439</u>	<u>\$ 2,347,332</u>	<u>\$ 3,357,159</u>	<u>\$ 1,009,827</u>

See accompanying Notes to Required Supplementary Information.

**Special Revenue Gas Tax Fund
Budgetary Comparison Schedule
Year ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 14,338,110	\$ 14,338,110	\$ 13,118,218	\$ (1,219,892)
Investment income	-	-	746,878	746,878
Cost recoveries	-	-	14,484	14,484
Total revenues	<u>14,338,110</u>	<u>14,338,110</u>	<u>13,879,580</u>	<u>(458,530)</u>
Expenditures:				
Current:				
Public works	4,285,355	4,390,690	1,581,394	2,809,296
Debt Service:				
Principal retirement	1,600,000	1,600,000	1,600,000	-
Interest and fiscal charges	<u>2,574,430</u>	<u>2,574,430</u>	<u>2,574,431</u>	<u>(1)</u>
Total expenditures	<u>8,459,785</u>	<u>8,565,120</u>	<u>5,755,825</u>	<u>2,809,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,878,325</u>	<u>5,772,990</u>	<u>8,123,755</u>	<u>2,350,765</u>
Other financing uses:				
Transfers out	<u>(5,878,325)</u>	<u>(7,994,950)</u>	<u>(1,717,906)</u>	<u>6,277,044</u>
Total other financing uses	<u>(5,878,325)</u>	<u>(7,994,950)</u>	<u>(1,717,906)</u>	<u>6,277,044</u>
Net change in fund balance	-	(2,221,960)	6,405,849	8,627,809
Fund balance - beginning	<u>18,762,698</u>	<u>18,762,698</u>	<u>18,762,698</u>	-
Fund balance - ending	<u>\$ 18,762,698</u>	<u>\$ 16,540,738</u>	<u>\$ 25,168,547</u>	<u>\$ 8,627,809</u>

See accompanying Notes to Required Supplementary Information.

CITY OF SANTA ANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2019

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 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 Public Works 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.

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

For the Year Ended June 30, 2019

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. All other annual appropriations lapse at fiscal year-end to the extent that they have not been expended or lawfully encumbered. After the adoption of the budget, the City Council may amend or supplement the budget and appropriate unused balances. Furthermore, revisions to the budget may be made, upon City Council approval, for appropriation for one purpose to another purpose or appropriation of available revenue not previously included in the budget. 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
REQUIRED SUPPLEMENTARY INFORMATION
(CONTINUED)**

For the Year Ended June 30, 2019

**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⁾**

Fiscal year ended Measurement period	June 30, 2019		June 30, 2018	
	June 30, 2018		June 30, 2017	
	Miscellaneous	Safety	Miscellaneous	Safety
TOTAL PENSION LIABILITY				
Service cost	\$ 11,348,737	\$ 12,192,473	\$ 11,036,864	\$ 11,809,664
Interest on the total pension liability	61,037,490	77,086,590	59,176,108	75,330,724
Changes of Benefit Terms	-	-	-	-
Differences between expected and actual experience	1,935,068	4,973,371	(10,220,370)	(12,297,897)
Changes in assumptions	(4,549,188)	(4,470,521)	49,432,900	60,902,020
Benefit payments, including refunds of employee contributions	(43,186,575)	(64,544,773)	(40,256,356)	(62,009,422)
Net Change in Total Pension Liability	26,585,532	25,237,140	69,169,146	73,735,089
Total Pension Liability - Beginning	872,204,237	1,103,807,430	803,035,091	1,030,072,341
Total Pension Liability - Ending (a)	\$ 898,789,769	\$ 1,129,044,570	\$ 872,204,237	\$ 1,103,807,430
PLAN FIDUCIARY NET POSITION				
Contribution from the employer	\$ 21,163,207	\$ 24,277,484	\$ 18,415,225	\$ 20,329,015
Contribution from the employee	5,111,516	4,155,374	4,850,487	3,670,011
Net investment income	49,494,120	61,839,581	60,753,784	77,563,585
Benefit payments, including refunds of employee contributions	(43,186,575)	(64,544,773)	(40,256,356)	(62,009,422)
Net Plan to Plan Resource Movement	(1,444)	(1,796.00)	-	-
Administrative expenses	(924,871)	(1,170,514)	(812,882)	(1,052,193)
Other Miscellaneous Income/(Expense)	(1,756,345)	(2,222,827)	-	-
Net change in Fiduciary Net position	29,899,608	22,332,529	42,950,258	38,500,996
Plan Fiduciary Net Position - Beginning	593,521,935	751,160,159	550,571,677	712,659,163
Plan Fiduciary Net Position - Ending (b)	\$ 623,421,543	\$ 773,492,688	\$ 593,521,935	\$ 751,160,159
Plan Net Pension Liability/(Asset) Ending (a) - (b)	\$ 275,368,226	\$ 355,551,882	\$ 278,682,302	\$ 352,647,271
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.36%	68.51%	68.05%	68.05%
Covered payroll	\$ 60,481,440	\$ 38,001,725	\$ 59,794,476	\$ 36,014,956
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	455.29%	935.62%	466.07%	979.17%

(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 five years are shown.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

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.

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

For the Year Ended June 30, 2019

**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>June 30, 2017</u>		<u>June 30, 2016</u>		<u>June 30, 2015</u>	
<u>June 30, 2016</u>		<u>June 30, 2015</u>		<u>June 30, 2014</u>	
<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>
\$ 9,746,396	\$ 10,455,350	\$ 9,672,344	\$ 10,747,904	\$ 10,195,939	\$ 11,422,391
58,091,618	74,975,420	56,329,663	72,730,571	54,166,684	70,618,409
-	-	-	-	-	-
(5,558,589)	4,319,662	(900,398)	(955,751)	-	-
-	-	(13,889,017)	(17,407,256)	-	-
<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>
23,684,884	29,347,219	14,910,427	8,903,841	30,267,984	29,866,569
779,350,207	1,000,725,122	764,439,780	991,821,281	734,171,796	961,954,712
<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>
\$ 16,951,369	\$ 17,021,875	\$ 14,336,768	\$ 15,096,410	\$ 12,836,905	\$ 11,118,596
4,876,243	3,625,596	4,982,824	3,829,695	5,076,392	3,758,344
2,859,074	3,667,781	12,722,834	17,008,914	85,824,721	117,187,596
(38,594,541)	(60,403,213)	(36,302,165)	(56,211,627)	(34,094,639)	(52,174,231)
497	(497)	63	-	-	-
(344,230)	(456,601)	(635,613)	(843,530)	-	-
-	-	-	-	-	-
<u>(14,251,588)</u>	<u>(36,545,059)</u>	<u>(4,895,289)</u>	<u>(21,120,138)</u>	<u>69,643,379</u>	<u>79,890,305</u>
564,823,265	749,204,222	569,718,554	770,324,360	500,075,175	690,434,055
<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>
<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>
68.56%	69.19%	72.47%	74.87%	74.53%	77.67%
\$ 59,115,644	\$ 35,670,399	\$ 58,022,457	\$ 36,512,787	\$ 57,613,942	\$ 37,782,453
427.07%	889.85%	369.73%	688.86%	337.98%	586.24%

From Fiscal Year June 30, 2016 to June 30, 2017:

There were no changes of assumptions.

From Fiscal Year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From Fiscal Year June 30, 2018 to June 30, 2019:

There were no significant changes of assumptions.

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

For the Year Ended June 30, 2019

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

Fiscal year ended	2019		2018	
	Miscellaneous	Safety	Miscellaneous	Safety
Actuarially Determined Contribution	\$ 24,143,358	\$ 27,718,529	\$ 21,182,283	\$ 24,212,791
Contributions in Relation to the Actuarially Determined Contribution	(24,143,358)	(27,718,529)	(21,182,283)	(24,212,791)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 59,686,019	\$ 41,120,637	\$ 60,481,440	\$ 38,001,725
Contributions as a Percentage of Covered Payroll	40.45%	67.41%	35.02%	63.71%

(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 five years are shown.

Notes to Schedule:

Fiscal year ended	2019		2018	
	Miscellaneous	Safety	Miscellaneous	Safety
Valuation Date	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Amortization Method	(1)	(1)	(1)	(1)
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Actuarial Assumptions:				
Discount Rate	7.15%	7.15%	7.15%	7.15%
Inflation	2.75%	2.75%	2.75%	2.75%
Projected Salary Increase	(2)	(2)	(2)	(2)
Investment Rate of Return	7.375% ⁽³⁾	7.375% ⁽³⁾	7.5% ⁽³⁾	7.5% ⁽³⁾
Mortality	(4)	(4)	(4)	(4)

(1) Level percentage of payroll, closed.

(2) Varies by entry age, service and type of employment.

(3) Net of Pension Plan Investment and Administrative Expenses; including inflation.

(4) The probabilities of mortality are based mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

For the Year Ended June 30, 2019

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

2017		2016		2015	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
\$ 18,407,185	\$ 20,199,997	\$ 16,941,372	\$ 17,016,579	\$ 14,518,009	\$ 14,690,045
(18,407,185)	(20,199,997)	(16,941,372)	(17,016,579)	(14,518,009)	(14,690,045)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 59,794,476	\$ 36,014,956	\$ 59,115,644	\$ 35,670,399	\$ 58,022,457	\$ 36,512,787
30.78%	56.09%	28.66%	47.71%	25.02%	40.23%

Notes to Schedule:

2017		2016		2015	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
June 30, 2014	June 30, 2014	June 30, 2013	June 30, 2013	June 30, 2012	June 30, 2012
Entry-Age Normal Cost Method (1)	Entry-Age Normal Cost Method (1)	Entry-Age Normal Cost Method (1)	Entry-Age Normal Cost Method (1)	Entry-Age Normal Cost Method (1)	Entry-Age Normal Cost Method (1)
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
7.65%	7.65%	7.65%	7.65%	7.50%	7.50%
2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
(2)	(2)	3.3% - 24.2% ⁽²⁾	3.3% - 24.2% ⁽²⁾	Varies by Entry Age and Service	Varies by Entry Age and Service
7.5% ⁽³⁾	7.5% ⁽³⁾	7.5% ⁽³⁾	7.5% ⁽³⁾	7.5% ⁽³⁾	7.5% ⁽³⁾
(4)	(4)	(4)	(4)	(4)	(4)

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

For the Year Ended June 30, 2019

**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 ended	2019	2018
Total Pension Liability		
Service cost	\$ -	\$ -
Interest on the total pension liability	87,013	84,322
Effect of plan changes	-	-
Effect of economic/demographic gains or losses	15,006	14,150
Effect of assumptions changes or inputs	100,758	(81,490)
Benefit payments	(125,234)	(122,778)
Net Change in Total Pension Liability	77,543	(105,796)
Total Pension Liability - Beginning	2,310,414	2,416,210
Total Pension Liability - Ending (a)	\$ 2,387,957	\$ 2,310,414
Plan Fiduciary Net Position		
Employer Contributions	133,543	130,924
Member Contributions	-	-
Net investment income net of investment expenses	1,543	671
Benefit payments	(125,234)	(122,778)
Administrative expenses	(7,114)	(6,976)
Net change in Fiduciary Net position	2,738	1,841
Plan Fiduciary Net Position - Beginning	64,287	62,446
Plan Fiduciary Net Position - Ending (b)	\$ 67,025	\$ 64,287
Plan Net Pension Liability/(Asset) Ending (a) - (b)	\$ 2,320,932	\$ 2,246,127
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.81%	2.78%
Covered Payroll	N/A	N/A
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	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 five years are shown.

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

For the Year Ended June 30, 2019

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

	2017	2016	2015
\$	-	-	-
	74,777	74,810	85,299
	-	-	-
	14,037	20,818	14,220
	(235,753)	558,088	118,428
	(120,371)	(118,011)	(115,697)
	(267,310)	535,705	102,250
	2,683,520	2,147,815	2,045,565
\$	2,416,210	2,683,520	2,147,815
	128,357	125,840	123,373
	-	-	-
	198	42	-
	(120,371)	(118,011)	(115,697)
	(6,838)	(13,132)	(148)
	1,346	(5,261)	7,528
	61,100	66,361	58,833
\$	62,446	61,100	66,361
\$	2,353,764	2,622,420	2,081,454
	2.58%	2.28%	3.09%
	N/A	N/A	N/A
	N/A	N/A	N/A

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

For the Year Ended June 30, 2019

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

Fiscal Year ended 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
2018	179,062	130,924	48,138	N/A	N/A
2019	186,950	133,543	53,407	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.

Notes to Supplementary Retirement Plan:

Fiscal year ended	2019	2018	2017	2016	2015
Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal
Amortization Method:					
Level percent or level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Closed, open, or layered periods	Closed	Closed	Closed	Closed	Closed
Amortization period	13 years	14 years	15 years	16 years	17 years
Amortization growth rate	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Valuation Method:					
Smoothing period	None	None	None	None	None
Recognition method	None	None	None	None	None
Corridor	None	None	None	None	None
Actuarial Assumptions					
Inflation	0.00%	0.00%	0.00%	0.00%	0.00%
Salary increases including inflation	None	None	None	None	None
Long-term investment rate of return	6.00%	6.00%	6.00%	6.00%	6.00%
Cost of Living	2.00%	2.00%	2.00%	2.00%	2.00%
Mortality	(A)	(A)	(A)	(A)	(B)

(A) 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)

(B) Males: 1983 GAM Males (as prescribed by PARS). Females: 1983 GAM Females (as prescribed by PARS)

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

For the Year Ended June 30, 2019

**Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Ten Fiscal Years ⁽¹⁾**

Fiscal year ended Measurement period	June 30, 2019 June 30, 2018	June 30, 2018 June 30, 2017
<u>Total OPEB Liability:</u>		
Service cost	\$ 1,308,802	\$ 1,414,074
Interest on total OPEB liability	1,718,488	1,555,806
Changes in assumptions	1,248,914	(3,589,376)
Benefit payments, including refunds of	(1,959,112)	(1,603,472)
Net Change in Total OPEB Liability	2,317,092	(2,222,968) (b)
Total OPEB Liability - Beginning of Year	54,574,529	56,797,497 (a)
Total OPEB Liability - Ending (a)-(b)	\$ 56,891,621	\$ 54,574,529
Covered payroll	\$ 45,109,856	\$ 47,394,045
Total OPEB liability as percentage of covered payroll	126.12%	115.15%

(1) Historical information is required only for measurement period for which GASB 75 is applicable.
Fiscal year 2018 was the first year of implementation, therefore only two years are shown.

Notes to Schedule:

Fiscal year ended	2019	2018
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2017
Funding Method	Entry-Age Normal	Entry-Age Normal
Discount Rate	2.98%	3.13%
Participants Valued	(A)	(A)
Salary Increase	3.25% per year	3.25% per year
Assumed Wage Inflation	3.0% per year	3.0% per year
General Inflation Rate	2.75% per year	2.75% per year
Mortality	(B)	(B)

(A) Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

(B) Demographic assumptions are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for a different basis used to project future mortality improvements.

Benefit Changes: There were no changes in benefits.

Changes of Assumptions:

From Fiscal Year June 30, 2018 to June 30, 2019: The discount rate was changed from 3.13% to 2.98%.



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

CITY OF SANTA ANA, CALIFORNIA

Supplementary Schedules



**Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019**

	Special Revenue Funds	Capital Projects Funds	Total
Assets			
Cash and investments	\$ 14,697,581	\$ 30,847,202	\$ 45,544,783
Receivables:			
Interest	65,985	133,734	199,719
Accounts	-	17,437	17,437
Intergovernmental	1,657,692	1,967,735	3,625,427
Loans and notes	-	6,115,000	6,115,000
Restricted assets:			
Cash and investments	-	2,565,761	2,565,761
Total assets	<u>16,421,258</u>	<u>\$ 41,646,869</u>	<u>58,068,127</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities:			
Accounts payable	89,230	106,782	196,012
Retention payable	19,233	22,258	41,491
Due to other funds	1,111,091	1,924,014	3,035,105
Total liabilities	<u>1,219,554</u>	<u>2,053,054</u>	<u>3,272,608</u>
Deferred inflows of resources:			
Unavailable revenues	<u>1,685,216</u>	<u>1,656,898</u>	<u>3,342,114</u>
Fund balances:			
Restricted	14,723,903	39,568,438	54,292,341
Unassigned	<u>(1,207,415)</u>	<u>(1,631,521)</u>	<u>(2,838,936)</u>
Total fund balances	<u>13,516,488</u>	<u>37,936,917</u>	<u>51,453,405</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,421,258</u>	<u>\$ 41,646,869</u>	<u>\$ 58,068,127</u>

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2019

	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Taxes	\$ -	\$ 252,000	\$ 252,000
Intergovernmental	3,551,040	4,429,501	7,980,541
Charges for services	2,936,154	-	2,936,154
Investment income	508,489	530,896	1,039,385
Cost recoveries	560,315	13,345,627	13,905,942
Miscellaneous	-	185,023	185,023
	<u>7,555,998</u>	<u>18,743,047</u>	<u>26,299,045</u>
Expenditures:			
Current:			
Human resources	63,325	-	63,325
Recreation and community services	3,441,026	1,181,881	4,622,907
Police department	2,366,019	-	2,366,019
Planning and building	151,215	-	151,215
Public works	-	26,548	26,548
Community development	-	3,230,109	3,230,109
Capital outlay	446,851	3,929,403	4,376,254
	<u>6,468,436</u>	<u>8,367,941</u>	<u>14,836,377</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,087,562</u>	<u>10,375,106</u>	<u>11,462,668</u>
Other financing sources:			
Transfers in	<u>1,179,404</u>	-	<u>1,179,404</u>
Total other financing sources	<u>1,179,404</u>	-	<u>1,179,404</u>
Net change in fund balances	2,266,966	10,375,106	12,642,072
Fund balances - beginning	<u>11,249,522</u>	<u>27,561,811</u>	<u>38,811,333</u>
Fund balances - ending	<u>\$ 13,516,488</u>	<u>\$ 37,936,917</u>	<u>\$ 51,453,405</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, 2019**

	Sewer Connection Fee	Civic Center Maintenance
Assets		
Cash and investments	\$ 12,833,476	\$ -
Receivables:		
Interest	56,809	-
Intergovernmental	-	1,543,952
Total assets	12,890,285	1,543,952
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	-	77,091
Retention payable	-	19,233
Due to other funds	-	1,111,091
Total liabilities	-	1,207,415
Deferred inflows of resources:		
Unavailable revenues	23,696	1,543,952
Fund balances (deficit):		
Restricted	12,866,589	-
Unassigned	-	(1,207,415)
Total fund balances (deficit)	12,866,589	(1,207,415)
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,890,285	\$ 1,543,952

NONMAJOR SPECIAL REVENUE FUNDS

	Air Quality Improvement	Total
Inmate Welfare		
\$ 774,978	\$ 1,089,127	\$ 14,697,581
3,483	5,693	65,985
-	113,740	1,657,692
778,461	1,208,560	16,421,258
5,813	6,326	89,230
-	-	19,233
-	-	1,111,091
5,813	6,326	1,219,554
1,453	116,115	1,685,216
771,195	1,086,119	14,723,903
-	-	(1,207,415)
771,195	1,086,119	13,516,488
\$ 778,461	\$ 1,208,560	\$ 16,421,258

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2019

	Sewer Connection Fee	Civic Center Maintenance	Inmate Welfare	Air Quality Improvement	Total
Revenues:					
Intergovernmental	\$ -	\$ 3,226,055	\$ -	\$ 324,985	\$ 3,551,040
Charges for services	2,936,154	-	-	-	2,936,154
Investment income	477,179	-	10,737	20,573	508,489
Cost recoveries	-	-	557,720	2,595	560,315
Total revenues	<u>3,413,333</u>	<u>3,226,055</u>	<u>568,457</u>	<u>348,153</u>	<u>7,555,998</u>
Expenditures:					
Current:					
Human resources	-	-	-	63,325	63,325
Recreation and community services	-	3,441,026	-	-	3,441,026
Police department	-	2,161,915	204,104	-	2,366,019
Planning and building	-	-	-	151,215	151,215
Capital Outlay	187,158	-	-	259,693	446,851
Total expenditures	<u>187,158</u>	<u>5,602,941</u>	<u>204,104</u>	<u>474,233</u>	<u>6,468,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,226,175</u>	<u>(2,376,886)</u>	<u>364,353</u>	<u>(126,080)</u>	<u>1,087,562</u>
Other financing sources:					
Transfers in	-	1,179,404	-	-	1,179,404
Total other financing sources	<u>-</u>	<u>1,179,404</u>	<u>-</u>	<u>-</u>	<u>1,179,404</u>
Net change in fund balances	3,226,175	(1,197,482)	364,353	(126,080)	2,266,966
Fund balances (deficit) - beginning	<u>9,640,414</u>	<u>(9,933)</u>	<u>406,842</u>	<u>1,212,199</u>	<u>11,249,522</u>
Fund balances (deficit) - ending	<u>\$ 12,866,589</u>	<u>\$ (1,207,415)</u>	<u>\$ 771,195</u>	<u>\$ 1,086,119</u>	<u>\$ 13,516,488</u>

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds
Sewer Connection Fee
Budgetary Comparison Schedule
Year ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 500,000	\$ 500,000	\$ 2,936,154	\$ 2,436,154
Investment income	75,000	75,000	477,179	402,179
Total revenues	<u>575,000</u>	<u>575,000</u>	<u>3,413,333</u>	<u>2,838,333</u>
Expenditures:				
Capital Outlay	200,000	7,599,478	187,158	7,412,320
Total expenditures	<u>200,000</u>	<u>7,599,478</u>	<u>187,158</u>	<u>7,412,320</u>
Excess (deficiency) of revenues over (under) expenditures	<u>375,000</u>	<u>(7,024,478)</u>	<u>3,226,175</u>	<u>10,250,653</u>
Net change in fund balance	375,000	(7,024,478)	3,226,175	10,250,653
Fund balance - beginning	<u>9,640,414</u>	<u>9,640,414</u>	<u>9,640,414</u>	<u>-</u>
Fund balance - ending	<u>\$ 10,015,414</u>	<u>\$ 2,615,936</u>	<u>\$ 12,866,589</u>	<u>\$ 10,250,653</u>

**Nonmajor Special Revenue Funds
Civic Center Maintenance
Budgetary Comparison Schedule
Year ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,716,184	\$ 5,716,184	\$ 3,226,055	\$ (2,490,129)
Total revenues	5,716,184	5,716,184	3,226,055	(2,490,129)
Expenditures:				
Current:				
Recreation and community services	4,727,554	4,822,224	3,441,026	1,381,198
Police department	2,168,034	2,168,034	2,161,915	6,119
Total expenditures	6,895,588	6,990,258	5,602,941	1,387,317
Excess (deficiency) of revenues over (under) expenditures	(1,179,404)	(1,274,074)	(2,376,886)	(1,102,812)
Other financing sources:				
Transfers in	1,179,404	1,179,404	1,179,404	-
Total other financing sources	1,179,404	1,179,404	1,179,404	-
Net change in fund balance	-	(94,670)	(1,197,482)	(1,102,812)
Fund balance (deficit) - beginning	(9,933)	(9,933)	(9,933)	-
Fund balance (deficit) - ending	\$ (9,933)	\$ (104,603)	\$ (1,207,415)	\$ (1,102,812)

NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds
Inmate Welfare
Budgetary Comparison Schedule
Year ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 10,737	\$ 10,737
Cost recoveries	135,000	135,000	557,720	422,720
Total revenues	135,000	135,000	568,457	433,457
Expenditures:				
Current:				
Police department	245,000	245,137	204,104	41,033
Total expenditures	245,000	245,137	204,104	41,033
Excess (deficiency) of revenues over (under) expenditures	(110,000)	(110,137)	364,353	474,490
Net change in fund balance	(110,000)	(110,137)	364,353	474,490
Fund balance - beginning	406,842	406,842	406,842	-
Fund balance - ending	\$ 296,842	\$ 296,705	\$ 771,195	\$ 474,490

CITY OF SANTA ANA

**Nonmajor Special Revenue Funds
Air Quality Improvement
Budgetary Comparison Schedule
Year ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 414,000	\$ 414,000	\$ 324,985	\$ (89,015)
Investment income	12,000	12,000	20,573	8,573
Cost recoveries	727,850	1,112,850	2,595	(1,110,255)
Total revenues	<u>1,153,850</u>	<u>1,538,850</u>	<u>348,153</u>	<u>(1,190,697)</u>
Expenditures:				
Current:				
Human resources	140,850	140,850	63,325	77,525
Finance and management services	40,000	40,000	-	40,000
Planning and building	340,750	436,474	151,215	285,259
Capital Outlay	1,895,000	2,280,000	259,693	2,020,307
Total expenditures	<u>2,416,600</u>	<u>2,897,324</u>	<u>474,233</u>	<u>2,423,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,262,750)</u>	<u>(1,358,474)</u>	<u>(126,080)</u>	<u>1,232,394</u>
Net change in fund balance	(1,262,750)	(1,358,474)	(126,080)	1,232,394
Fund balance - beginning	<u>1,212,199</u>	<u>1,212,199</u>	<u>1,212,199</u>	<u>-</u>
Fund balance (deficit) - ending	<u><u>\$ (50,551)</u></u>	<u><u>\$ (146,275)</u></u>	<u><u>\$ 1,086,119</u></u>	<u><u>\$ 1,232,394</u></u>

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, 2019**

	Capital Grants	Drainage Construction
Assets		
Cash and investments	\$ 22,725	\$ 3,287,928
Receivables:		
Interest	74	14,687
Accounts	-	-
Intergovernmental	1,967,735	-
Loans and notes	-	-
Restricted assets:		
Cash and investments	-	-
Total assets	<u>1,990,534</u>	<u>3,302,615</u>
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	74,128	-
Retention payable	-	-
Due to other funds	<u>1,924,014</u>	<u>-</u>
Total liabilities	<u>1,998,142</u>	<u>-</u>
Deferred inflows of resources:		
Unavailable revenues	<u>1,601,144</u>	<u>6,127</u>
Fund balances (deficit):		
Restricted	22,769	3,296,488
Unassigned	<u>(1,631,521)</u>	<u>-</u>
Total fund balances (deficit)	<u>(1,608,752)</u>	<u>3,296,488</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,990,534</u>	<u>\$ 3,302,615</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Community Development	Inclusionary Housing Fee	Total
\$ 15,303,134	\$ 3,638,703	\$ 8,594,712	\$ 30,847,202
68,396	11,441	39,136	133,734
17,437	-	-	17,437
-	-	-	1,967,735
-	-	6,115,000	6,115,000
-	2,565,761	-	2,565,761
<u>15,388,967</u>	<u>6,215,905</u>	<u>14,748,848</u>	<u>41,646,869</u>
23,359	7,648	1,647	106,782
22,258	-	-	22,258
-	-	-	1,924,014
<u>45,617</u>	<u>7,648</u>	<u>1,647</u>	<u>2,053,054</u>
<u>28,530</u>	<u>4,772</u>	<u>16,325</u>	<u>1,656,898</u>
15,314,820	6,203,485	14,730,876	39,568,438
-	-	-	(1,631,521)
<u>15,314,820</u>	<u>6,203,485</u>	<u>14,730,876</u>	<u>37,936,917</u>
<u>\$ 15,388,967</u>	<u>\$ 6,215,905</u>	<u>\$ 14,748,848</u>	<u>\$ 41,646,869</u>

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2019

	Capital Grants	Drainage Construction
Revenues:		
Taxes	\$ -	\$ 252,000
Intergovernmental	4,429,501	-
Investment income	282	57,836
Cost recoveries	-	-
Miscellaneous	-	-
Total revenues	<u>4,429,783</u>	<u>309,836</u>
Expenditures:		
Current:		
Recreation and community services	456,600	-
Public Works	(9,867)	36,415
Community development	-	-
Capital outlay	<u>1,911,285</u>	<u>425,512</u>
Total expenditures	<u>2,358,018</u>	<u>461,927</u>
Net change in fund balances	<u>2,071,765</u>	<u>(152,091)</u>
Fund balances (deficit) - beginning	<u>(3,680,517)</u>	<u>3,448,579</u>
Fund balances (deficit) - ending	<u><u>\$ (1,608,752)</u></u>	<u><u>\$ 3,296,488</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

Park Acquisitions & Development	Community Development	Inclusionary Housing Fee	Total
\$ -	\$ -	\$ -	252,000
-	-	-	4,429,501
243,019	43,557	186,202	530,896
6,080,017	-	7,265,610	13,345,627
-	1,871	183,152	185,023
<u>6,323,036</u>	<u>45,428</u>	<u>7,634,964</u>	<u>18,743,047</u>
725,281	-	-	1,181,881
-	-	-	26,548
-	-	3,230,109	3,230,109
<u>1,252,985</u>	<u>339,621</u>	<u>-</u>	<u>3,929,403</u>
-	-	-	-
<u>1,978,266</u>	<u>339,621</u>	<u>3,230,109</u>	<u>8,367,941</u>
4,344,770	(294,193)	4,404,855	10,375,106
<u>10,970,050</u>	<u>6,497,678</u>	<u>10,326,021</u>	<u>27,561,811</u>
<u>\$ 15,314,820</u>	<u>\$ 6,203,485</u>	<u>\$ 14,730,876</u>	<u>\$ 37,936,917</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, 2019**

	<u>Refuse Collections</u>
Assets:	
Current assets:	
Cash and investments	\$ 10,654,509
Receivables:	
Interest	44,467
Accounts, net of allowances	3,234,317
Total current assets	<u>13,933,293</u>
Noncurrent assets:	
Capital assets:	
Land	-
Buildings	-
Improvements other than buildings	-
Equipment	32,137
Parking structures	-
Construction in progress	-
Less accumulated depreciation	(8,570)
Total noncurrent assets	<u>23,567</u>
Total assets	<u>13,956,860</u>
Deferred outflows of resources:	
Deferred amounts on pension plans	73,735
Deferred amounts on OPEB plan	21,342
Total deferred outflows of resources	<u>95,077</u>
Liabilities:	
Current liabilities:	
Accounts payable	9,576
Retention payable	-
Due to other funds	-
Compensated absences payable	23,337
Grant advances	78,837
Deposits payable	-
Unearned revenue	-
Total current liabilities	<u>111,750</u>
Noncurrent liabilities:	
Compensated absences payable	70,012
Net pension liability	597,165
Total OPEB liability	420,719
Total noncurrent liabilities	<u>1,087,896</u>
Total liabilities	<u>1,199,646</u>
Deferred inflows of resources:	
Deferred amounts on pension plans	8,645
Deferred amounts on OPEB plan	14,526
Total deferred inflow of resources	<u>23,171</u>
Net position:	
Net investment in capital assets	23,567
Restricted for:	
National Pollution Discharge Elimination System	-
Unrestricted	12,805,553
Total net position	<u>\$ 12,829,120</u>

NONMAJOR ENTERPRISE FUNDS

Transportation Center	Federal Clean Water Protection	Total
\$ -	\$ 5,829,454	\$ 16,483,963
-	25,647	70,114
-	92,148	3,326,465
-	5,947,249	19,880,542
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
-	4,638,428	4,638,428
(12,651,894)	(298,579)	(12,959,043)
8,215,351	4,886,864	13,125,782
8,215,351	10,834,113	33,006,324
-	316,307	390,042
2,029	22,847	46,218
2,029	339,154	436,260
18,237	142,255	170,068
-	1,500	1,500
1,432,807	-	1,432,807
-	18,754	42,091
-	-	78,837
11,000	-	11,000
-	497,405	497,405
1,462,044	659,914	2,233,708
-	56,261	126,273
-	2,561,840	3,159,005
39,984	450,369	911,072
39,984	3,068,470	4,196,350
1,502,028	3,728,384	6,430,058
-	37,090	45,735
1,380	15,550	31,456
1,380	52,640	77,191
8,215,351	4,885,364	13,124,282
-	2,506,879	2,506,879
(1,501,379)	-	11,304,174
\$ 6,713,972	\$ 7,392,243	\$ 26,935,335

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2019

	<u>Refuse Collections</u>
Operating revenues:	
Charges for services	\$ 21,633,923
Miscellaneous	-
	<hr/>
Total operating revenues	21,633,923
	<hr/>
Operating expenses:	
Personnel services	639,237
Contractual services	10,089,965
Materials and supplies	12,965
Administrative charges	7,259,138
Depreciation	3,214
	<hr/>
Total operating expenses	18,004,519
	<hr/>
Operating income (loss)	3,629,404
	<hr/>
Nonoperating revenues (expenses):	
Intergovernmental	194,331
Net increase in the fair value of investment	273,968
Investment earnings	170,880
	<hr/>
Total nonoperating revenues (expenses)	639,179
	<hr/>
Income (loss) before transfers and capital contributions	4,268,583
	<hr/>
Capital contributions	-
Transfers in	-
Transfers out	(912,410)
	<hr/>
Change in net position	3,356,173
	<hr/>
Net position - beginning	9,472,947
	<hr/>
Net position - ending	\$ 12,829,120
	<hr/> <hr/>

NONMAJOR ENTERPRISE FUND

Transportation Center	Federal Clean Water Protection	Total
\$ 396,047	\$ 863,861	\$ 22,893,831
2,110	-	2,110
398,157	863,861	22,895,941
129,681	958,508	1,727,426
729,739	1,425,740	12,245,444
3,091	3,717	19,773
124,398	350,423	7,733,959
430,262	27,351	460,827
1,417,171	2,765,739	22,187,429
(1,019,014)	(1,901,878)	708,512
-	-	194,331
-	-	273,968
-	103,888	274,768
-	103,888	743,067
(1,019,014)	(1,797,990)	1,451,579
-	599,440	599,440
-	2,511,727	2,511,727
-	-	(912,410)
(1,019,014)	1,313,177	3,650,336
7,732,986	6,079,066	23,284,999
\$ 6,713,972	\$ 7,392,243	\$ 26,935,335

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2019

	<u>Refuse Collections</u>
Cash flows from operating activities:	
Receipts from customers	\$ 20,580,645
Receipts from other operating sources	-
Payments to suppliers for goods and services	(18,731,849)
Payments to employees	<u>(688,888)</u>
Net cash provided (used) by operating activities	<u>1,159,908</u>
Cash flows from noncapital financing activities:	
Intergovernment contribution	194,331
Transfer in	-
Transfer out	<u>(912,410)</u>
Net cash provided (used) by noncapital financing activities	<u>(718,079)</u>
Cash flows from capital and related financing activities:	
Capital contribution	-
Acquisition of capital assets	<u>-</u>
Net cash used by capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest received	159,920
Net increase in the fair value of investment	<u>273,968</u>
Net cash provided by investing activities	<u>433,888</u>
Net increase (decrease) in cash and cash equivalents	875,717
Cash and cash equivalents - beginning	<u>9,778,792</u>
Cash and cash equivalents - ending	<u>\$ <u>10,654,509</u></u>

Transportation Center	Federal Clean Water Protection	Total
\$ 391,047	\$ 861,008	\$ 21,832,700
596,132	(599,440)	(3,308)
(858,098)	(2,065,502)	(21,655,449)
<u>(129,081)</u>	<u>(716,378)</u>	<u>(1,534,347)</u>
-	(2,520,312)	(1,360,404)
-	-	194,331
-	2,511,727	2,511,727
-	-	<u>(912,410)</u>
-	2,511,727	1,793,648
-	599,440	599,440
-	(786,809)	(786,809)
-	<u>(187,369)</u>	<u>(187,369)</u>
-	98,426	258,346
-	-	<u>273,968</u>
-	98,426	532,314
-	(97,528)	778,189
-	<u>5,926,982</u>	<u>15,705,774</u>
\$ <u>-</u>	\$ <u>5,829,454</u>	\$ <u>16,483,963</u>

Continued

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year ended June 30, 2019

	<u>Refuse Collections</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 3,629,404
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	3,214
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	(1,053,278)
Decrease (increase) in deferred outflows from pension	50,674
Decrease (increase) in deferred outflows from OPEB	(7,990)
Increase (decrease) in accounts payable	(1,265,151)
Increase (decrease) in unearned revenue	-
Increase (decrease) in compensated absences payable	(97,215)
Increase (decrease) in deposits payable	-
Increase (decrease) in grant advances	(101,416)
Increase (decrease) in net pension liability	(7,187)
Increase (decrease) in total OPEB liability	20,390
Increase (decrease) in deferred inflows from pension	(5,455)
Increase (decrease) in deferred inflows from OPEB	<u>(6,082)</u>
Net cash provided (used) by operating activities	<u>\$ 1,159,908</u>
Noncash investing, capital, and financing activities:	
Increase in fair value of investments	<u>\$ 273,968</u>

Transportation Center	Federal Clean Water Protection	Total
\$ (1,019,014)	\$ (1,901,878)	\$ 708,512
430,262	27,351	460,827
-	(2,853)	(1,056,131)
-	217,390	268,064
(760)	(8,554)	(17,304)
593,152	(285,622)	(957,621)
-	(599,440)	(599,440)
-	72,207	(25,008)
(5,000)	-	(5,000)
-	-	(101,416)
-	(30,832)	(38,019)
1,938	21,827	44,155
-	(23,398)	(28,853)
(578)	(6,510)	(13,170)
\$ <u><u>-</u></u>	\$ <u><u>(2,520,312)</u></u>	\$ <u><u>(1,360,404)</u></u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>273,968</u></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, 2019

	Central Services	Building Maintenance
Assets:		
Current assets:		
Cash and investments	\$ 249,599	\$ 2,518,845
Receivables:		
Interest	1,099	11,959
Accounts, net of allowances	-	-
Due from other funds	-	-
Inventory of supplies	17,224	-
Total current assets	<u>267,922</u>	<u>2,530,804</u>
Noncurrent assets:		
Advances to other funds	-	-
Restricted cash and investments	-	-
Capital assets:		
Improvements other than buildings	-	602,886
Equipment	504,333	-
Construction in progress	-	-
Computer software	-	-
Less accumulated depreciation	(489,467)	(602,886)
Total noncurrent assets	<u>14,866</u>	<u>-</u>
Total assets	<u>282,788</u>	<u>2,530,804</u>
Deferred outflows of resources:		
Deferred amounts on pension plans	78,850	555,978
Deferred amounts on OPEB plan	9,821	54,631
Total deferred outflows of resources	<u>88,671</u>	<u>610,609</u>
Liabilities:		
Current liabilities:		
Accounts payable	-	229,027
Due to other funds	-	-
Compensated absences payable	10,012	27,325
Claims payable	-	-
Total current liabilities	<u>10,012</u>	<u>256,352</u>
Noncurrent liabilities:		
Compensated absences payable	30,036	81,974
Claims payable	-	-
Net pension liability	638,651	4,502,919
Total OPEB liability	193,604	1,076,923
Total noncurrent liabilities	<u>862,291</u>	<u>5,661,816</u>
Total liabilities	<u>872,303</u>	<u>5,918,168</u>
Deferred inflows of resources:		
Deferred amounts on pension plans	9,246	65,193
Deferred amounts on OPEB plan	6,684	37,182
Total deferred inflows of resources	<u>15,930</u>	<u>102,375</u>
Net position:		
Net investment in capital assets	14,866	-
Unrestricted	(531,640)	(2,879,130)
Total net position (deficit)	<u>\$ (516,774)</u>	<u>\$ (2,879,130)</u>

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 4,992,672	\$ -	\$ 26,430,556	\$ 10,870,419	\$ 65	\$ 4,524,558
22,709	-	96,735	48,572	-	21,216
-	-	-	-	-	40,131
-	-	4,713,932	-	-	-
82,669	845,884	-	-	-	-
<u>5,098,050</u>	<u>845,884</u>	<u>31,241,223</u>	<u>10,918,991</u>	<u>65</u>	<u>4,585,905</u>
-	-	1,752,000	-	-	-
-	-	232,741	-	-	-
-	-	-	-	256,131	-
18,040,686	-	-	2,736,200	68,201	288,015
325,529	-	-	-	-	-
-	-	-	6,493,843	-	-
(14,369,385)	-	-	(7,218,894)	(169,051)	(270,064)
<u>3,996,830</u>	<u>-</u>	<u>1,984,741</u>	<u>2,011,149</u>	<u>155,281</u>	<u>17,951</u>
<u>9,094,880</u>	<u>845,884</u>	<u>33,225,964</u>	<u>12,930,140</u>	<u>155,346</u>	<u>4,603,856</u>
1,043,271	68,656	892,028	973,167	9,433	2,450,624
74,602	7,411	52,796	60,675	1,845	199,263
<u>1,117,873</u>	<u>76,067</u>	<u>944,824</u>	<u>1,033,842</u>	<u>11,278</u>	<u>2,649,887</u>
21,922	53,146	47,481	320,707	12,071	164,830
-	235,546	-	-	10,474	-
56,683	3,855	85,000	66,796	-	228,104
-	-	11,999,500	-	-	-
<u>78,605</u>	<u>292,547</u>	<u>12,131,981</u>	<u>387,503</u>	<u>22,545</u>	<u>392,934</u>
170,050	11,564	255,000	200,389	-	684,311
-	-	28,427,522	-	-	-
8,449,757	556,064	9,497,802	7,881,949	76,362	19,847,901
1,470,578	146,092	1,040,716	1,196,057	36,368	3,927,971
<u>10,090,385</u>	<u>713,720</u>	<u>39,221,040</u>	<u>9,278,395</u>	<u>112,730</u>	<u>24,460,183</u>
<u>10,168,990</u>	<u>1,006,267</u>	<u>51,353,021</u>	<u>9,665,898</u>	<u>135,275</u>	<u>24,853,117</u>
122,334	8,052	103,907	114,114	1,106	287,357
50,774	5,044	35,931	41,295	1,255	135,619
<u>173,108</u>	<u>13,096</u>	<u>139,838</u>	<u>155,409</u>	<u>2,361</u>	<u>422,976</u>
3,996,830	-	-	2,011,149	155,281	17,951
(4,126,175)	(97,412)	(17,322,071)	2,131,526	(126,293)	(18,040,301)
<u>\$ (129,345)</u>	<u>\$ (97,412)</u>	<u>\$ (17,322,071)</u>	<u>\$ 4,142,675</u>	<u>\$ 28,988</u>	<u>\$ (18,022,350)</u>

Continued

Internal Service Funds
Combining Statement of Net Position
June 30, 2019

	Quality Service Training	Total
Assets:		
Current assets:		
Cash and investments	\$ 424,152	\$ 50,010,866
Receivables:		
Interest	-	202,290
Accounts, net of allowances	-	40,131
Due from other funds	-	4,713,932
Inventory of supplies	-	945,777
Total current assets	<u>424,152</u>	<u>55,912,996</u>
Noncurrent assets:		
Advances to other funds	-	1,752,000
Restricted cash and investments	-	232,741
Capital assets:		
Improvements other than buildings	-	859,017
Equipment	-	21,637,435
Construction in progress	-	325,529
Computer software	-	6,493,843
Less accumulated depreciation	-	(23,119,747)
Total noncurrent assets	<u>-</u>	<u>8,180,818</u>
Total assets	<u>424,152</u>	<u>64,093,814</u>
Deferred outflows of resources:		
Deferred amounts on pension plans	-	6,072,007
Deferred amounts on OPEB plan	-	461,044
Total deferred outflows of resources	<u>-</u>	<u>6,533,051</u>
Liabilities:		
Current liabilities:		
Accounts payable	-	849,184
Due to other funds	-	246,020
Compensated absences payable	-	477,775
Claims payable	-	11,999,500
Total current liabilities	<u>-</u>	<u>13,572,479</u>
Noncurrent liabilities:		
Compensated absences payable	-	1,433,324
Claims payable	-	28,427,522
Net pension liability	-	51,451,405
Total OPEB liability	-	9,088,309
Total noncurrent liabilities	<u>-</u>	<u>90,400,560</u>
Total liabilities	<u>-</u>	<u>103,973,039</u>
Deferred inflows of resources:		
Deferred amounts on pension plans	-	711,309
Deferred amounts on OPEB plan	-	313,784
Total deferred inflows of resources	<u>-</u>	<u>1,025,093</u>
Net position:		
Net investment in capital assets	-	6,196,077
Unrestricted	424,152	(40,567,344)
Total net position (deficit)	<u>\$ 424,152</u>	<u>\$ (34,371,267)</u>



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2019

	Central Services	Building Maintenance
Operating revenues:		
Charges for services	\$ 687,675	\$ 4,097,649
Miscellaneous	-	-
Total operating revenues	<u>687,675</u>	<u>4,097,649</u>
Operating expenses:		
Personnel services	312,538	2,061,577
Contractual services	131,158	2,087,477
Materials and supplies	203,697	122,253
Administrative charges	134,462	291,424
Insurance	-	-
Provision for self-insured losses	-	-
Depreciation	68,716	-
Total operating expenses	<u>850,571</u>	<u>4,562,731</u>
Operating income (loss)	<u>(162,896)</u>	<u>(465,082)</u>
Nonoperating revenues (expenses):		
Net increase in the fair value of investment	-	-
Investment earnings	4,563	45,585
Interest expense	(551)	-
Gain (loss) on disposal of capital assets	-	-
Total nonoperating revenues (expenses)	<u>4,012</u>	<u>45,585</u>
Income (loss) before transfers	(158,884)	(419,497)
Transfers out	-	-
Change in net position	<u>(158,884)</u>	<u>(419,497)</u>
Net position (deficit) - beginning	<u>(357,890)</u>	<u>(2,459,633)</u>
Net position (deficit) - ending	<u>\$ (516,774) \$</u>	<u>(2,879,130)</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
\$ 4,989,627	\$ 2,032,549	\$ 38,237,610	\$ 7,055,188	\$ 1,116,206	\$ 11,335,692
240,747	48,854	61,393	-	-	17,403
5,230,374	2,081,403	38,299,003	7,055,188	1,116,206	11,353,095
2,761,238	356,063	-	2,777,642	67,074	8,181,241
458,017	2,185	-	4,045,339	244,933	1,207,014
537,521	1,430,804	-	227,699	17,245	160,824
815,083	256,169	6,046,392	553,918	839,170	3,180,176
-	-	26,442,123	-	-	-
-	-	12,733,740	-	-	-
625,053	-	-	695,058	6,403	6,429
5,196,912	2,045,221	45,222,255	8,299,656	1,174,825	12,735,684
33,462	36,182	(6,923,252)	(1,244,468)	(58,619)	(1,382,589)
-	-	820,760	288,759	-	-
82,364	-	414,476	198,958	-	81,372
-	-	-	-	-	-
33,522	-	(90,086)	-	-	-
115,886	-	1,145,150	487,717	-	81,372
149,348	36,182	(5,778,102)	(756,751)	(58,619)	(1,301,217)
(3,426)	-	-	-	-	(214,725)
145,922	36,182	(5,778,102)	(756,751)	(58,619)	(1,515,942)
(275,267)	(133,594)	(11,543,969)	4,899,426	87,607	(16,506,408)
\$ (129,345)	\$ (97,412)	\$ (17,322,071)	\$ 4,142,675	\$ 28,988	\$ (18,022,350)

Continued

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2019

	Quality Service Training	Total
Operating revenues:		
Charges for services	\$ -	\$ 69,552,196
Miscellaneous	-	368,397
Total operating revenues	-	69,920,593
Operating expenses:		
Personnel services	-	16,517,373
Contractual services	-	8,176,123
Materials and supplies	-	2,700,043
Administrative charges	-	12,116,794
Insurance	-	26,442,123
Provision for self-insured losses	-	12,733,740
Depreciation	-	1,401,659
Total operating expenses	-	80,087,855
Operating income (loss)	-	(10,167,262)
Nonoperating revenues (expenses):		
Net increase in the fair value of investment	-	1,109,519
Investment earnings	3,113	830,431
Interest expense	-	(551)
Gain (loss) on disposal of capital assets	-	(56,564)
Total nonoperating revenues (expenses)	3,113	1,882,835
Income (loss) before transfers	3,113	(8,284,427)
Transfers out	-	(218,151)
Change in net position	3,113	(8,502,578)
Net position (deficit) - beginning	421,039	(25,868,689)
Net position (deficit) - ending	\$ 424,152	\$ (34,371,267)



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2019

	Central Services	Building Maintenance
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 687,675	\$ 4,097,649
Receipts from other operating sources	-	(2,013)
Payments to suppliers for goods and services	(334,183)	(2,145,867)
Payments for interfund services used	(134,462)	(291,424)
Payments to employees	(270,848)	(1,798,816)
Net cash provided (used) by operating activities	<u>(51,818)</u>	<u>(140,471)</u>
Cash flows from noncapital financing activities:		
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	(551)	-
Payments on capital leases	(55,597)	-
Net cash provided (used) for capital and related financing activities	<u>(56,148)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	4,656	45,585
Increase in the fair value of investment	-	-
Net cash provided by investing activities	<u>4,656</u>	<u>45,585</u>
Net increase (decrease) in cash and cash equivalents	(103,310)	(94,886)
Cash and cash equivalents - beginning	352,909	2,613,731
Cash and cash equivalents - ending	<u>\$ 249,599</u>	<u>\$ 2,518,845</u>
(Includes restricted cash and investments)		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (162,896)	\$ (465,082)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	68,716	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	(2,013)
Decrease (increase) in inventory of supplies	1,317	-
Decrease (increase) in deferred outflows from pension	54,194	416,282
Decrease (increase) in deferred outflows from OPEB	(3,677)	(54,631)
Increase (decrease) in accounts payable	(645)	63,863
Increase (decrease) in due to other governmental agencies	-	-
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences payable	(1,892)	(40,197)
Increase (decrease) in retention payable	-	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in net pension liability	(7,686)	(54,192)
Increase (decrease) in total OPEB liability	9,383	52,193
Increase (decrease) in deferred inflows from pension	(5,833)	(41,126)
Increase (decrease) in deferred inflows from OPEB	(2,799)	(15,568)
Net cash provided (used) by operating activities	<u>\$ (51,818)</u>	<u>\$ (140,471)</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	<u>\$ -</u>	<u>\$ -</u>

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 4,989,627	\$ 2,032,549	\$ 38,237,610	\$ 7,055,188	\$ 1,116,206	\$ 11,419,028
264,650	48,854	61,393	-	-	17,403
(1,028,415)	(1,506,641)	(35,702,926)	(4,341,159)	(235,412)	(4,565,156)
(815,083)	(256,169)	-	(553,918)	(839,170)	-
(2,424,732)	(318,593)	(5,492,618)	(2,333,651)	(67,453)	(7,056,159)
986,047	-	(2,896,541)	(173,540)	(25,829)	(184,884)
(3,426)	-	-	-	-	(214,725)
-	-	292,000	-	-	-
(3,426)	-	292,000	-	-	(214,725)
(692,874)	-	-	-	-	-
-	-	(90,086)	-	-	-
33,522	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(659,352)	-	(90,086)	-	-	-
76,364	-	444,013	188,775	180	77,787
-	-	820,760	288,759	-	-
76,364	-	1,264,773	477,534	180	77,787
399,633	-	(1,429,854)	303,994	(25,649)	(321,822)
4,593,039	-	28,093,151	10,566,425	25,714	4,846,380
\$ 4,992,672	\$ -	\$ 26,663,297	\$ 10,870,419	\$ 65	\$ 4,524,558
\$ 33,462	\$ 36,182	\$ (6,923,252)	\$ (1,244,468)	\$ (58,619)	\$ (1,382,589)
625,053	-	-	695,058	6,403	6,429
23,903	-	893,485	-	-	83,336
(5,346)	(101,749)	-	-	-	-
717,025	47,187	609,960	668,841	6,480	1,684,241
(21,258)	(2,774)	(19,767)	(22,716)	(691)	(74,600)
(27,531)	(86,622)	(42,294)	(68,121)	10,503	(17,142)
-	-	(30,715)	-	-	-
-	-	-	-	10,474	-
(223,734)	(141)	5,305	(75,963)	-	(198,000)
-	-	(15,720)	-	-	-
-	114,719	2,668,181	-	-	-
(101,694)	(6,692)	(11,571)	(94,860)	(919)	(238,871)
71,271	7,080	50,439	57,967	1,763	190,367
(77,174)	(5,078)	(65,548)	(71,988)	(697)	(181,274)
(27,930)	(2,112)	(15,044)	(17,290)	(526)	(56,781)
\$ 986,047	\$ -	\$ (2,896,541)	\$ (173,540)	\$ (25,829)	\$ (184,884)
\$ -	\$ -	\$ 820,760	\$ 288,759	\$ -	\$ -

Continued

Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2019

	Quality Service Training	Total
Cash flows from operating activities:		
Receipts from interfund services provided	\$ -	\$ 69,635,532
Receipts from other operating sources	-	390,287
Payments to suppliers for goods and services	-	(49,859,759)
Payments for interfund services used	-	(2,890,226)
Payments to employees	-	(19,762,870)
Net cash provided (used) by operating activities	-	(2,487,036)
Cash flows from noncapital financing activities:		
Transfers out	-	(218,151)
Repayment of advances from other funds	-	292,000
Net cash provided (used) by noncapital financing activities	-	73,849
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(692,874)
Capital assets donated to other funds	-	(90,086)
Proceeds from sale of capital assets	-	33,522
Interest paid	-	(551)
Payments on capital leases	-	(55,597)
Net cash provided (used) for capital and related financing activities	-	(805,586)
Cash flows from investing activities:		
Interest received	4,593	841,953
Increase in the fair value of investment	-	1,109,519
Net cash provided by investing activities	4,593	1,951,472
Net increase (decrease) in cash and cash equivalents	4,593	(1,267,301)
Cash and cash equivalents - beginning	419,559	51,510,908
Cash and cash equivalents - ending (Includes restricted cash and investments)	\$ 424,152	\$ 50,243,607
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ -	\$ (10,167,262)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	-	1,401,659
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	998,711
Decrease (increase) in inventory of supplies	-	(105,778)
Decrease (increase) in deferred outflows from pension	-	4,204,210
Decrease (increase) in deferred outflows from OPEB	-	(200,114)
Increase (decrease) in accounts payable	-	(167,989)
Increase (decrease) in due to other governmental agencies	-	(30,715)
Increase (decrease) in due to other funds	-	10,474
Increase (decrease) in compensated absences payable	-	(534,622)
Increase (decrease) in retention payable	-	(15,720)
Increase (decrease) in claims payable	-	2,782,900
Increase (decrease) in net pension liability	-	(516,485)
Increase (decrease) in total OPEB liability	-	440,463
Increase (decrease) in deferred inflows from pension	-	(448,718)
Increase (decrease) in deferred inflows from OPEB	-	(138,050)
Net cash provided (used) by operating activities	\$ -	\$ (2,487,036)
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	\$ -	\$ 1,109,519

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.

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.

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, 2019

	<u>Payroll</u>	<u>Treasurer's Trust</u>	<u>Retirees Health Insurance Subsidy</u>
Assets			
Cash and investments	\$ 6,528,034	\$ 1,316,336	\$ 29,615
Restricted assets:			
Cash & investments with fiscal agents	-	-	-
Receivables:			
Interest	-	357	-
Taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 6,528,034</u>	<u>\$ 1,316,693</u>	<u>\$ 29,615</u>
Liabilities			
Deposits payable	\$ -	\$ 27,426	\$ -
Due to bondholders	-	-	-
Due to City employees	5,351,640	-	29,615
Due to governmental agencies	<u>1,176,394</u>	<u>1,289,267</u>	<u>-</u>
	<u>\$ 6,528,034</u>	<u>\$ 1,316,693</u>	<u>\$ 29,615</u>

AGENCY FUNDS

Transportation Corridor	TSIA Santa Ana- Tustin	Warner Industrial Community Assessment District	Total
\$ 7,687	\$ 10,410,181	\$ 188,243	\$ 18,480,096
-	-	106,061	106,061
-	46,399	-	46,756
-	-	13,985	13,985
<u>\$ 7,687</u>	<u>\$ 10,456,580</u>	<u>\$ 308,289</u>	<u>\$ 18,646,898</u>
\$ -	\$ -	\$ -	27,426
-	-	308,289	308,289
-	-	-	5,381,255
<u>7,687</u>	<u>10,456,580</u>	<u>-</u>	<u>12,929,928</u>
<u>\$ 7,687</u>	<u>\$ 10,456,580</u>	<u>\$ 308,289</u>	<u>\$ 18,646,898</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year ended June 30, 2019

	Balance June 30,2018	Additions	Deductions	Balance June 30,2019
PAYROLL FUND				
Assets				
Cash and investments	\$ 6,034,385	\$ 159,205,724	\$ 158,712,075	\$ 6,528,034
Interest receivable	224	-	224	-
Total assets	<u>\$ 6,034,609</u>	<u>\$ 159,205,724</u>	<u>\$ 158,712,299</u>	<u>\$ 6,528,034</u>
Liabilities				
Due to City employees	\$ 5,333,022	\$ 114,542,769	\$ 114,524,151	\$ 5,351,640
Due to governmental agencies	701,587	44,662,955	44,188,148	1,176,394
Total liabilities	<u>\$ 6,034,609</u>	<u>\$ 159,205,724</u>	<u>\$ 158,712,299</u>	<u>\$ 6,528,034</u>
TREASURER'S TRUST FUND				
Assets				
Cash and investments	\$ 6,073,642	\$ 11,358,674	\$ 16,115,980	\$ 1,316,336
Interest receivable	298	357	298	357
Total assets	<u>\$ 6,073,940</u>	<u>\$ 11,359,031</u>	<u>\$ 16,116,278</u>	<u>\$ 1,316,693</u>
Liabilities				
Accounts payable	\$ 274	\$ 1,444,738	\$ 1,445,012	\$ -
Deposits payable	26,194	4,963,393	4,962,161	27,426
Due to governmental agencies	6,047,472	4,950,900	9,709,105	1,289,267
Total liabilities	<u>\$ 6,073,940</u>	<u>\$ 11,359,031</u>	<u>\$ 16,116,278</u>	<u>\$ 1,316,693</u>
RETIREES HEALTH INSURANCE SUBSIDY				
Assets				
Cash and investments	\$ 30,331	\$ 1,770,336	\$ 1,771,052	\$ 29,615
Interest receivable	65	-	65	-
Total assets	<u>\$ 30,396</u>	<u>\$ 1,770,336</u>	<u>\$ 1,771,117</u>	<u>\$ 29,615</u>
Liabilities				
Due to City employees	\$ 30,396	\$ 1,770,336	\$ 1,771,117	\$ 29,615
Total liabilities	<u>\$ 30,396</u>	<u>\$ 1,770,336</u>	<u>\$ 1,771,117</u>	<u>\$ 29,615</u>

	Balance June 30,2018	Additions	Deductions	Balance June 30,2019
TRANSPORTATION CORRIDOR FUND				
Assets				
Cash and investments	\$ 18,186	\$ 7,687	\$ 18,186	\$ 7,687
Total assets	<u>\$ 18,186</u>	<u>\$ 7,687</u>	<u>\$ 18,186</u>	<u>\$ 7,687</u>
Liabilities				
Accounts payable	\$ 18,186	\$ -	\$ 18,186	\$ -
Due to governmental agencies	-	7,687	-	7,687
Total liabilities	<u>\$ 18,186</u>	<u>\$ 7,687</u>	<u>\$ 18,186</u>	<u>\$ 7,687</u>
TRANSPORTATION SYSTEM IMPROVEMENT AUTHORITY SANTA-ANA - TUSTIN				
Assets				
Cash and investments	\$ 11,172,994	\$ 1,595,475	\$ 2,358,288	\$ 10,410,181
Interest receivable	34,730	46,399	34,730	46,399
Total assets	<u>\$ 11,207,724</u>	<u>\$ 1,641,874</u>	<u>\$ 2,393,018</u>	<u>\$ 10,456,580</u>
Liabilities				
Accounts payable	\$ 155	\$ 2,353,617	\$ 2,353,772	\$ -
Due to governmental agencies	11,207,569	(711,743)	39,246	10,456,580
Total liabilities	<u>\$ 11,207,724</u>	<u>\$ 1,641,874</u>	<u>\$ 2,393,018</u>	<u>\$ 10,456,580</u>

(Continued)

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year ended June 30, 2019

	<u>Balance</u> <u>June 30,2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,2019</u>
WARNER INDUSTRIAL COMMUNITY ASSESSMENT DISTRICT				
Assets				
Cash and investments	\$ 142,545	\$ 147,215	\$ 101,517	\$ 188,243
Restricted assets:				
Cash & investments with fiscal agents	105,961	102,053	101,953	106,061
Taxes	3,552	13,985	3,552	13,985
Total assets	<u>\$ 252,058</u>	<u>\$ 263,253</u>	<u>\$ 207,022</u>	<u>\$ 308,289</u>
Liabilities				
Due to bondholders	<u>\$ 252,058</u>	<u>\$ 263,253</u>	<u>\$ 207,022</u>	<u>\$ 308,289</u>
Total liabilities	<u>\$ 252,058</u>	<u>\$ 263,253</u>	<u>\$ 207,022</u>	<u>\$ 308,289</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 23,472,083	\$ 174,085,111	\$ 179,077,098	\$ 18,480,096
Restricted assets:				
Cash & investments with fiscal agents	105,961	102,053	101,953	106,061
Receivables:				
Taxes	3,552	13,985	3,552	13,985
Interest	35,317	46,756	35,317	46,756
Total assets	<u>\$ 23,616,913</u>	<u>\$ 174,247,905</u>	<u>\$ 179,217,920</u>	<u>\$ 18,646,898</u>
Liabilities				
Accounts payable	\$ 18,615	\$ 3,798,355	\$ 3,816,970	\$ -
Deposits payable	26,194	4,963,393	4,962,161	27,426
Due to bondholders	252,058	263,253	207,022	308,289
Due to City employees	5,363,418	116,313,105	116,295,268	5,381,255
Due to governmental agencies	17,956,628	48,909,799	53,936,499	12,929,928
Total liabilities	<u>\$ 23,616,913</u>	<u>\$ 174,247,905</u>	<u>\$ 179,217,920</u>	<u>\$ 18,646,898</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.

Contents	Page
<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.	
Schedule 1 - Net Position by Component	191
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.	
Schedule 5 - Assessed Value and Estimated Actual Value of Taxable Property	203
Schedule 6 - Direct and Overlapping Property Tax Rates	205
Schedule 7 - Property Tax Levies and Collections	207
Schedule 8 - Taxable Sales by Category	209
Schedule 9 - Principal Property Tax Remitters	211
Schedule 10 - Water Sold by Type of Customer	213
Schedule 11 - Water Rates	215
Schedule 12 - Principal Water Customers	216
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Schedule 13 - Ratios of Outstanding Debt by Type	217
Schedule 14 - Legal Debt Margin Information	219
Schedule 15 - Direct and Overlapping Debt	221
Schedule 16 - Pledged-Revenue Coverage	222
<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.	
Schedule 17 - Demographic and Economic Statistics	223
<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.	
Schedule 18 - Principal Employers	224
Schedule 19 - Full-time and Part-time City Employees by Function	225
Schedule 20 - Operating Indicators by Function	227
Schedule 21 - Capital Assets Statistics by Function	229

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

	Fiscal Year			
	2019	2018	2017***	2016
Governmental Activities:				
Net investment in capital assets	\$ 877,188	\$ 867,360	\$ 842,333	\$ 823,975
Restricted	189,135	175,986	176,377	156,204
Unrestricted	(533,495)	(501,404)	(387,032)	(362,557)
Total governmental activities net position	\$ <u>532,828</u>	\$ <u>541,942</u>	\$ <u>631,678</u>	\$ <u>617,622</u>
Business-type activities:				
Net investment in capital assets	\$ 113,665	\$ 109,752	\$ 101,972	\$ 96,563
Restricted	2,507	2,332	2,908	2,859
Unrestricted	62,336	33,072	41,547	38,804
Total business-type activities net position	\$ <u>178,508</u>	\$ <u>145,156</u>	\$ <u>146,427</u>	\$ <u>138,226</u>
Primary government:				
Net investment in capital assets	\$ 990,853	\$ 977,112	\$ 944,305	\$ 920,538
Restricted	191,642	178,318	179,285	159,063
Unrestricted	(471,159)	(468,332)	(345,485)	(323,753)
Total primary government net position	\$ <u>711,336</u>	\$ <u>687,098</u>	\$ <u>778,105</u>	\$ <u>755,848</u>

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

**The 2014 net position was restated to implement GASB 68 and 71.

***The 2017 net pension was restated to implement GASB 75.

Source: City of Santa Ana 2010 - 2019 CAFRs

SCHEDULE 1

Fiscal Year					
2015	2014**	2013*	2012	2011	2010
\$ 807,136	\$ 797,222	\$ 800,141	\$ 787,634	\$ 767,746	\$ 723,057
238,034	227,514	204,518	236,683	146,268	156,629
(378,741)	71,741	54,989	23,756	26,574	15,155
<u>\$ 666,429</u>	<u>\$ 1,096,477</u>	<u>\$ 1,059,648</u>	<u>\$ 1,048,073</u>	<u>\$ 940,588</u>	<u>\$ 894,841</u>
\$ 94,756	\$ 92,652	\$ 90,055	\$ 89,780	\$ 87,551	\$ 84,088
2,867	4,033	3,315	2,322	1,186	956
33,018	53,819	44,636	35,758	35,705	34,201
<u>\$ 130,641</u>	<u>\$ 150,504</u>	<u>\$ 138,006</u>	<u>\$ 127,860</u>	<u>\$ 124,442</u>	<u>\$ 119,245</u>
\$ 901,892	\$ 889,874	\$ 890,196	\$ 877,414	\$ 855,297	\$ 807,145
240,901	231,547	207,833	239,005	147,454	157,585
(345,723)	125,560	99,625	59,514	62,279	49,356
<u>\$ 797,070</u>	<u>\$ 1,246,981</u>	<u>\$ 1,197,654</u>	<u>\$ 1,175,933</u>	<u>\$ 1,065,030</u>	<u>\$ 1,014,086</u>

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

	Fiscal Year					Page 1 of 6
	2019	2018	2017	2016	2015	
Expenses:						
Governmental activities:						
General government (1)	\$ 24,444	\$ 23,916	\$ 22,965	\$ 16,266	\$ 15,702	
Cultural recreation and community services (2)	33,961	36,666	30,689	26,252	27,408	
Public safety (3) (5)	238,760	232,167	185,803	156,989	166,410	
Developmental services (4)	45,089	43,308	44,831	29,369	30,548	
Community development	55,312	55,119	47,427	43,778	44,604	
Pass-through payments to districts and other agencies	-	-	-	-	-	
County administrative charges	-	-	-	-	-	
Interest on long-term debt	6,334	6,627	6,944	7,208	7,576	
Total governmental activities expenses	<u>\$ 403,900</u>	<u>\$ 397,803</u>	<u>\$ 338,659</u>	<u>\$ 279,862</u>	<u>\$ 292,248</u>	
Business-type activities:						
Water	\$ 48,886	\$ 49,800	\$ 45,040	\$ 41,947	\$ 45,217	
Parking	6,503	5,636	5,276	4,296	2,852	
Sewer	6,347	5,588	4,916	4,685	4,627	
Sanitation	6,596	7,082	6,695	6,675	7,256	
Refuse collections	18,004	18,028	16,853	16,463	15,946	
Transportation center	1,417	1,474	1,197	1,245	1,187	
Federal clean water protection	2,766	2,816	2,373	2,878	2,033	
Total business-type expenses	<u>90,519</u>	<u>90,424</u>	<u>82,350</u>	<u>78,189</u>	<u>79,118</u>	
Total primary government expenses	<u>\$ 494,419</u>	<u>\$ 488,227</u>	<u>\$ 421,009</u>	<u>\$ 358,051</u>	<u>\$ 371,366</u>	

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

1. Includes Human Resources and Finance.

2. Includes Museum and Library.

3. Includes Police and Fire.

4. Includes Planning and Building, and Public Works.

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

Source: City of Santa Ana 2010 - 2019 CAFRs

SCHEDULE 2

					Page 2 of 6
Fiscal Year					
2014	2013	2012	2011	2010	
\$ 16,244	\$ 14,628	\$ 11,364	\$ 12,333	\$ 15,227	
30,613	26,994	23,902	24,084	25,528	
160,153	155,444	139,514	174,524	183,885	
28,567	30,526	26,148	31,073	30,338	
55,537	55,016	77,219	58,735	68,150	
-	915	3,393	12,760	28,093	*
-	-	1,547	525	486	*
8,080	7,027	8,669	14,664	16,828	
<u>\$ 299,194</u>	<u>\$ 290,550</u>	<u>\$ 291,756</u>	<u>\$ 328,698</u>	<u>\$ 368,535</u>	
\$ 44,912	\$ 44,528	\$ 49,271	\$ 45,674	\$ 45,727	
2,795	2,756	2,963	2,631	2,824	
4,761	4,351	4,268	3,462	3,485	
7,616	7,913	8,417	8,403	8,072	
15,948	16,122	16,024	15,339	16,716	
1,267	1,317	1,280	1,313	1,423	
2,125	1,780	1,637	2,359	2,210	
<u>79,424</u>	<u>78,766</u>	<u>83,860</u>	<u>79,181</u>	<u>80,457</u>	
<u>\$ 378,618</u>	<u>\$ 369,317</u>	<u>\$ 375,616</u>	<u>\$ 407,879</u>	<u>\$ 448,992</u>	

Continued

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

	Fiscal Year					Page 3 of 6
	2019	2018	2017	2016	2015	
Program revenues:						
Governmental activities:						
Charges for services:						
General government (1)	\$ 10,715	\$ 7,575	\$ 5,379	\$ 4,584	\$ 5,267	
Cultural recreation and community services (2)	8,977	3,100	3,100	3,245	3,411	
Public safety (3) (5)	30,113	22,607	22,596	23,370	22,962	
Developmental services (4)	23,290	17,672	18,595	17,410	16,651	
Community development	1,110	854	1,168	1,721	3,268	
Operating grants and contributions	74,230	66,388	62,814	65,518	64,711	
Capital grants and contributions	32,156	44,259	58,350	19,882	25,624	
Total governmental activities program revenues	\$ 180,591	\$ 162,455	\$ 172,002	\$ 135,730	\$ 141,894	
Business-type activities:						
Charges for services:						
Water	\$ 56,227	\$ 55,560	\$ 51,657	\$ 48,289	\$ 45,812	
Parking	4,067	4,172	4,410	4,472	5,306	
Sewer	6,702	6,381	5,620	5,125	4,756	
Sanitation	6,978	7,020	7,384	7,973	8,045	
Refuse collections	21,634	19,480	18,985	18,230	17,270	
Transportation center	398	524	602	593	757	
Federal clean water protection	864	657	1,725	365	2,862	
Operating grants and contributions	194	419	-	-	77	
Capital grants and contributions	23,828	981	-	-	-	
Total business-type activities program revenues	120,892	95,194	90,383	85,047	84,885	
Total primary government program revenues	\$ 301,483	\$ 257,649	\$ 262,385	\$ 220,777	\$ 226,779	
Net (expense) revenue						
Governmental activities	(223,309)	(235,348)	(166,657)	(144,132)	(150,354)	
Business-type activities	30,373	4,770	8,033	6,858	5,767	
Total primary government net (expense) revenue	\$ (192,936)	\$ (230,578)	\$ (158,624)	\$ (137,274)	\$ (144,587)	

SCHEDULE 2

					Page 4 of 6
Fiscal Year					
2014	2013	2012	2011	2010	
\$ 4,307	\$ 4,322	\$ 5,687	\$ 5,912	\$ 4,659	
4,302	3,311	3,088	2,595	3,231	
25,498	25,652	27,554	29,171	25,370	
16,239	16,752	18,633	17,186	15,707	
5,433	1,447	28,003	4,688	6,321	
77,494	64,700	75,051	87,080	99,887	
<u>36,252</u>	<u>29,214</u>	<u>37,001</u>	<u>32,910</u>	<u>37,218</u>	
\$ 169,525	\$ 145,398	\$ 195,017	\$ 179,542	\$ 192,393	
\$ 52,856	\$ 51,339	\$ 49,482	\$ 47,783	\$ 48,782	
4,771	4,744	4,445	3,733	4,287	
5,017	4,939	4,783	4,679	4,816	
7,934	7,931	7,967	8,002	7,946	
17,062	16,650	16,261	16,218	14,988	
754	869	789	970	1,233	
2,868	2,740	2,733	2,552	2,474	
92	22	666	295	-	
-	-	-	-	-	
<u>91,354</u>	<u>89,234</u>	<u>87,126</u>	<u>84,232</u>	<u>84,526</u>	
\$ <u>260,879</u>	\$ <u>234,632</u>	\$ <u>282,143</u>	\$ <u>263,774</u>	\$ <u>276,919</u>	
(129,669)	(145,152)	(96,739)	(149,156)	(176,142)	
<u>11,930</u>	<u>10,468</u>	<u>3,266</u>	<u>5,051</u>	<u>4,069</u>	
\$ <u>(117,739)</u>	\$ <u>(134,685)</u>	\$ <u>(93,473)</u>	\$ <u>(144,105)</u>	\$ <u>(172,073)</u>	

Continued

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

	Fiscal Year				Page 5 of 6
	2019	2018	2017	2016	2015
General revenues and other changes in net position					
Governmental activities:					
Net program revenue (expense):					
General government (1)	\$ (13,387)	\$ (15,498)	\$ (16,528)	\$ (11,141)	\$ (9,710)
Cultural recreation and community services (2)	(18,762)	(23,304)	(20,912)	(15,765)	(19,106)
Public safety (3) (5)	(202,293)	(203,383)	(155,869)	(125,726)	(134,780)
Developmental services (4)	15,983	18,655	31,293	8,255	18,944
Community development	1,484	(5,191)	2,303	7,453	1,874
Pass-through payments to districts and other agencies	-	-	-	-	-
County administrative charge	-	-	-	-	-
Interest on long-term debt	(6,334)	(6,627)	(6,944)	(7,208)	(7,576)
General revenues:					
Property taxes	81,619	76,616	72,572	67,902	72,750
Sales Taxes	-	-	-	-	-
Hotels visitors' taxes	9,415	9,246	9,768	8,882	8,983
Utility users taxes	22,656	23,943	24,413	25,102	24,919
Business taxes	18,815	14,903	13,774	12,384	11,343
Franchise taxes	8,278	8,339	7,866	8,449	8,316
Other taxes	1,219	1,263	1,371	1,520	997
Intergovernmental, unrestricted	67,955	48,572	50,609	50,747	48,170
Investment income	4,212	344	302	2,452	1,265
Other revenues	-	-	11	871	576
Transfers	25	-	27	168	56
Extraordinary gain	-	-	-	-	-
Total Governmental activities	<u>(9,115)</u>	<u>(52,122)</u>	<u>14,056</u>	<u>34,345</u>	<u>27,021</u>
Business-type activities:					
Water	7,341	5,760	6,617	6,342	596
Parking	(2,436)	(1,465)	(866)	176	2,453
Sewer	23,584	794	704	440	128
Sanitation	382	(62)	689	1,298	789
Refuse collections	3,824	1,871	2,132	1,767	1,401
Transportation center	(1,019)	(950)	(595)	(653)	(430)
Federal clean water protection	(1,302)	(1,178)	(647)	(2,512)	829
General revenues:					
Investment income	3,003	102	194	895	361
Transfers	(25)	-	(27)	(167)	(56)
Total business-type activities	<u>33,352</u>	<u>4,872</u>	<u>8,201</u>	<u>7,586</u>	<u>6,071</u>
Total primary government	<u>24,237</u>	<u>(47,250)</u>	<u>22,257</u>	<u>41,931</u>	<u>33,092</u>
Changes in net position					
Governmental activities	(9,115)	(52,122)	14,056	34,345	27,021
Business-type activities	33,352	4,872	8,201	7,586	6,071
Total primary government	<u>\$ 24,237</u>	<u>\$ (47,250)</u>	<u>\$ 22,257</u>	<u>\$ 41,931</u>	<u>\$ 33,092</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	
		2014	2013	2012	2011	2010
\$	(11,480)	\$ (8,544)	(5,677)	\$ (6,421)	\$ (7,033)	
	(17,080)	(19,364)	(17,943)	(15,937)	(12,613)	
	(122,434)	(116,788)	(93,460)	(129,423)	(137,118)	
	30,426	14,699	31,379	27,685	27,200	
	(1,021)	(7,213)	2,572	2,889	(1,170)	
	-	(915)	(3,393)	(12,760)	(28,093)	
	-	-	(1,547)	(525)	(486)	
	(8,080)	(7,027)	(8,669)	(14,664)	(16,828)	
	66,098	62,347	87,189	103,610	108,001 *	
	44,367	40,978	38,744	37,409	34,496	
	8,519	7,490	7,024	5,970	5,650	
	25,035	24,415	24,367	25,328	26,097	
	11,201	10,671	10,317	10,380	9,944	
	7,984	9,001	7,460	7,562	7,777	
	1,169	962	1,401	1,176	1,090	
	521	833	466	1,934	1,255	
	1,598	(1,292)	951	869	2,862	
	6	617	863	665	1,089	
	-	-	-	-	-	
	-	705	25,440	-	-	
	<u>36,829</u>	<u>11,575</u>	<u>107,485</u>	<u>45,747</u>	<u>22,120</u>	
	7,944	6,811	601	2,195	3,055	
	1,976	1,988	1,483	1,102	1,463	
	256	588	514	1,217	1,332	
	318	18	(450)	(401)	(126)	
	1,206	551	513	1,089	(1,728)	
	(513)	(448)	(491)	(344)	(191)	
	743	960	1,096	193	263	
	568	(322)	152	146	255	
	-	-	-	-	-	
	<u>12,498</u>	<u>10,146</u>	<u>3,418</u>	<u>5,197</u>	<u>4,323</u>	
	<u>49,327</u>	<u>21,721</u>	<u>110,903</u>	<u>50,944</u>	<u>26,443</u>	
	36,829	11,575	107,485	45,747	22,120	
	12,498	10,146	3,418	5,197	4,323	
\$	<u>49,327</u>	<u>21,721</u>	<u>110,903</u>	<u>50,944</u>	<u>26,443</u>	

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

	Fiscal Year		
	2019	2018	2017
General Fund			
Reserved	\$ -	\$ -	\$ -
Nonspendable	-	-	9
Restricted	2,081	7,620	2,160
Committed	-	-	-
Assigned	10,695	5,378	9,928
Unreserved	-	-	-
Unassigned	62,636	56,363	62,456
Total General Fund	<u>\$ 75,412</u>	<u>\$ 69,361</u>	<u>\$ 74,553</u>
All Other Governmental Funds			
Reserved	\$ -	\$ -	\$ -
Nonspendable	20	-	23
Restricted	159,656	149,247	157,467
Subsequent year's budget: appropriation of fund balance	-	-	-
Unassigned:			
Special Revenue	(2,652)	(789)	(3,287)
Capital Projects	(1,631)	(3,703)	(2,034)
Debt Services	-	-	-
Total all other governmental funds	<u>\$ 155,393</u>	<u>\$ 144,755</u>	<u>\$ 152,169</u>

Source: City of Santa Ana 2010 - 2019 CAFRs

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

SCHEDULE 3

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010*
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,434	3,357	3,267	-	-	-
1,455	955	-	-	-	-	-
-	-	-	-	-	1,314	5,509
27,077	21,562	5,404	5,424	4,661	2,987	-
-	-	-	-	-	-	-
48,395	45,891	45,298	30,688	19,335	6,673	2,962
<u>\$ 76,927</u>	<u>\$ 71,842</u>	<u>\$ 54,059</u>	<u>\$ 39,379</u>	<u>\$ 23,996</u>	<u>\$ 10,974</u>	<u>\$ 8,471</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	25,263	18,993	3,660.82	3,652	3,652	12,354
152,641	95,697	97,784	93,552.80	110,606	196,182	247,124
-	-	-	-	-	-	3,831
(921)	(1,618)	(806)	(630.00)	(1,661)	(2,191)	(86)
(888)	(686)	(1,721)	(936.00)	(955)	(600)	(925)
-	-	-	-	-	-	(68,330)
<u>\$ 150,848</u>	<u>\$ 118,656</u>	<u>\$ 114,250</u>	<u>\$ 95,648</u>	<u>\$ 111,642</u>	<u>\$ 197,043</u>	<u>\$ 193,968</u>

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

	Fiscal Year			
	2019	2018	2017	2016
Revenues:				
Taxes	\$ 142,812	\$ 134,812	\$ 131,308	\$ 125,255
License and permits	9,965	7,994	5,804	4,744
Intergovernmental	150,716	145,520	145,682	129,823
Charges for services	20,169	15,399	16,016	12,756
Fines and forfeits	5,651	5,713	5,096	5,450
Investment income	5,018	1,601	517	2,992
Gain on sale of land held for resale	26,317	14,353	-	-
Miscellaneous	17,269	11,880	30,278	35,688
Special assessments	3,208	5,627	947	-
Contributions from property owner- special assessments	-	-	1,252	-
Payment of bond proceeds from successor agency	-	-	2,515	-
Total revenues	<u>381,125</u>	<u>342,899</u>	<u>339,415</u>	<u>316,708</u>
Expenditures:				
General government (1)	19,758	18,477	18,999	15,261
Cultural recreation and community services (2)	28,327	30,366	26,512	23,934
Public safety (3) (5)	192,511	180,276	171,486	162,047
Developmental services (4)	24,657	24,876	18,532	18,892
Community development	51,989	52,073	48,928	42,827
Capital outlay	31,855	41,418	45,109	30,367
Debt service:				
Principal retirement	10,248	9,787	9,181	8,242
Interest and fiscal charges	5,334	5,741	6,020	6,342
Cost of issuance and other bond charges	-	-	-	-
Total expenditures	<u>364,679</u>	<u>363,014</u>	<u>344,767</u>	<u>307,912</u>
Excess (deficiency) of revenues over (under) expenditures	16,446	(20,115)	(5,352)	8,796
Other Financing Sources (uses):				
Loss on sale of land held for resale	-	-	-	(1,267)
Sales of capital assets	-	-	2,000	-
Transfers in	12,713	11,763	11,645	17,826
Transfers out	(12,470)	(11,551)	(11,398)	(17,624)
Bond discount	-	-	-	-
Capital lease agreement	-	-	-	-
Issuance of Debt	-	7,297	2,052	-
Payment to refunded bond escrow agent	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-
Proceeds of refunding debt	-	-	-	-
Capital contribution	-	-	-	-
Total other financing sources (uses)	<u>243</u>	<u>7,509</u>	<u>4,299</u>	<u>(1,065)</u>
Extraordinary gain (loss)	-	-	-	-
Net change in fund balance	<u>\$ 16,689</u>	<u>\$ (12,606)</u>	<u>\$ (1,053)</u>	<u>\$ 7,731</u>
Debt service as a percent of noncapital expenditures	4.7%	4.9%	5.0%	5.3%

Source: City of Santa Ana 2010 - 2019 CAFRs

1. Includes Human Resources and Finance.

2. Includes Museum and Library.

3. Includes Police and Fire and pass-through payments to districts & other agencies.

4. Includes Planning and Building, and Public Works.

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

STATISTICAL SECTION

SCHEDULE 4

Fiscal Year						
2015	2014	2013	2012	2011	2010	
\$ 127,913	\$ 164,855	\$ 156,008	\$ 176,503	\$ 191,434	\$ 193,055	
5,346	3,295	4,043	3,948	3,806	2,845	
129,108	95,367	88,411	108,638	121,924	128,240	
10,698	11,493	8,752	11,021	9,899	10,147	
5,937	7,010	6,935	6,930	7,902	6,435	
1,715	1,607	(396)	1,163	1,355	2,072	
-	-	-	273	238	-	
31,048	43,804	35,541	36,985	39,280	44,368	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>311,765</u>	<u>327,431</u>	<u>299,294</u>	<u>345,461</u>	<u>375,838</u>	<u>387,162</u>	
14,369	13,264	12,494	10,155	10,782	11,745	
4,976	27,074	23,762	21,138	21,205	23,629	
154,975	151,703	150,723	169,504	164,203	177,346	
36,754	17,237	17,565	15,575	19,763	19,716	
44,150	58,337	55,359	82,114	71,413	67,454	
25,123	10,801	25,378	30,067	58,488	56,481	
7,872	11,513	6,865	9,001	14,244	12,485	
6,750	7,987	8,471	11,940	17,543	20,769	
-	183	-	-	778	28,594	
<u>294,969</u>	<u>298,099</u>	<u>300,617</u>	<u>349,493</u>	<u>378,419</u>	<u>418,219</u>	
16,796	29,332	(1,323)	(4,032)	(2,581)	(31,057)	
-	-	-	-	-	-	
-	-	-	-	-	-	
14,975	12,496	11,826	103,691	55,970	68,438	
(14,793)	(12,186)	(11,115)	(90,149)	(54,377)	(68,619)	
-	-	-	-	(374)	-	
4,256	-	-	-	-	-	
955	-	-	-	-	-	
-	(44,856)	-	-	(59,850)	-	
-	45,060	-	-	-	-	
-	-	-	-	66,790	-	
-	3,437	-	-	-	-	
<u>5,393</u>	<u>3,951</u>	<u>711</u>	<u>13,542</u>	<u>8,159</u>	<u>(181)</u>	
-	-	-	(81,889)	-	-	
<u>\$ 22,189</u>	<u>\$ 33,283</u>	<u>\$ (612)</u>	<u>\$ (72,379)</u>	<u>\$ 5,578</u>	<u>\$ (31,238)</u>	
5.4%	6.8%	5.6%	6.6%	9.9%	9.2%	

**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			
2019	\$ 25,027,024	\$ 1,493,217	\$ (153,329)	\$ 26,366,912	-	
2018	23,719,049	1,513,465	(155,807)	25,076,707	-	
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	-	

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
\$ 7,356,533	\$ 941,861	\$ (5,745)	\$ 8,292,649	-
6,937,988	991,258	(5,547)	7,923,698	1.1045
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

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

	2019	2018	2017	2016
City direct rates:				
City basic rate	(1)	(1)	(1)	(1)
Redevelopment agency				
Total City direct rate	-	-	-	-
Overlapping Rates:				
Santa Ana Unified School				
District bonds	0.07300	0.05561	0.06327	0.06377
Rancho Santiago Community				
College District bonds	0.05178	0.04537	0.05088	0.04945
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>1.12828</u>	<u>1.10448</u>	<u>1.11765</u>	<u>1.11672</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

2015	2014	2013	2012	2011	2010
(1)	(1)	(1)	(1)	(1)	(1)
-	-	-	-	-	-
0.06604	0.06869	0.07749	0.07147	0.07167	0.07388
0.05039	0.05078	0.03241	0.03146	0.03141	0.02735
0.00350	0.00350	0.00350	0.00370	0.00370	0.00430
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<u>1.11993</u>	<u>1.12297</u>	<u>1.11340</u>	<u>1.10663</u>	<u>1.10678</u>	<u>1.10553</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
2019	\$ 37,972,488	\$ 37,415,786	98.5%	\$ 510,214	\$ 37,926,000	99.9%
2018	36,331,948	35,786,397	98.5%	432,373	36,218,771	99.7%
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%

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			
	2019	2018	2017	2016
General Retail	\$ 987,259	\$ 963,193	\$ 946,321	\$ 966,874
Food Products	811,103	805,433	761,998	733,732
Transportation	982,554	967,443	928,206	949,296
Construction	466,522	524,397	524,692	528,337
Business to Business	1,148,295	997,471	910,681	845,233
Miscellaneous ¹	38,693	46,764	53,777	46,086
Total	\$ 4,434,427	\$ 4,304,699	\$ 4,125,674	\$ 4,069,557

1. Miscellaneous category includes health & government

- The County of Orange has a 7.75% tax rate.
- The Santa Ana residents approved Measure X, the City's Transactions & Use Tax, on November 6, 2018. The measure increases the City's sales tax by 1.5 cents until 2029, then reduced to 1 cent until 2039.

Source: MBIA Muniservices

SCHEDULE 8

Fiscal Year						
2015	2014	2013	2012	2011	2010	
\$ 936,187	\$ 897,382	\$ 890,101	\$ 854,525	\$ 861,474	\$ 825,600	
688,882	644,269	612,531	576,067	561,058	519,269	
960,861	968,350	926,317	888,621	831,180	739,876	
487,685	461,968	416,051	380,951	363,440	342,892	
794,870	756,298	730,186	696,194	649,712	696,291	
42,054	58,492	45,012	37,448	36,023	36,341	
<u>\$ 3,910,538</u>	<u>\$ 3,786,760</u>	<u>\$ 3,620,197</u>	<u>\$ 3,433,806</u>	<u>\$ 3,302,886</u>	<u>\$ 3,160,269</u>	

Principal Property Tax Remitters Current and Nine Fiscal Years Ago

Principal Property Tax Remitters	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Main Place Shoppingtown	\$ 335,856,181	1	1.27%	\$ 222,566,711	1	1.09%
Bre OC Griffin LLC	307,869,833	2	1.17%			
RP Essex Skyline Holdings	141,563,922	3	0.54%			
First American Title	133,548,850	4	0.51%	113,796,409	4	0.56%
APG OCIC LLC	109,171,140	5	0.41%			
Adagio 366 LLC	97,920,000	6	0.37%			
Tustin Avenue Apts LLC	95,880,000	7	0.36%			
BSG West Bristol LLC	90,266,999	8	0.34%			
Banc of CA N A	82,732,786	9	0.31%			
Tustin Centre Property Holding	81,890,674	10	0.31%			
NDC Skyline Assoc LLC				132,151,436	2	0.64%
GLL US Office LP	-		-	129,225,656	3	0.63%
Greenville Ranch LLC	-		-	108,840,135	5	0.53%
Freedom Newspapers Inc.	-		-	98,197,637	6	0.48%
Mountain Ventures	-		-	84,660,000	7	0.41%
1851 E First Street	-		-	82,243,620	8	0.40%
Maguire Properties Griffi	-		-	80,000,000	9	0.39%
Fund IX VT Santa Ana	-		-	76,137,735	10	0.37%
Total	\$ 1,476,700,385		5.59%	\$ 1,127,819,339		5.50%

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

Source: MBIA Muniservices LLC / an Avenu Insights & Analytics Company



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			
	2019	2018	2017	2016
Type of Customer				
Residential	7,004,926.5	7,228,201.5	6,892,323.3	6,903,687.7
Commercial	2,084,082.8	2,151,678.1	2,042,209.0	2,031,311.4
Industrial	620,519.9	694,821.7	611,536.4	619,406.1
Wholesale food	111,505.1	113,598.8	109,407.0	108,499.6
Government	212,388.6	236,191.5	200,476.0	209,123.6
Others ¹	478,703.5	496,808.1	453,205.0	450,398.5
Total	10,512,126.5	10,921,299.7	10,309,156.7	10,322,426.9
Total direct rate per 44 units ²	\$ 3.090	\$ 2.950	\$ 2.950	\$ 2.790

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					
2015	2014	2013	2012	2011	2010
7,725,440.5	8,285,900.4	8,191,888.8	8,054,021.9	8,017,322.1	8,084,666.0
2,232,378.3	2,315,563.4	2,257,527.6	2,203,292.3	2,174,889.3	2,158,521.6
827,394.2	844,945.3	801,654.8	761,203.7	725,834.5	710,905.9
110,939.6	117,576.6	114,953.4	113,081.9	110,922.4	106,531.7
317,185.7	360,322.8	352,676.0	350,978.8	325,890.9	316,262.6
567,059.6	555,458.8	508,589.9	485,600.9	489,859.2	515,525.3
<u>11,780,397.8</u>	<u>12,479,767.4</u>	<u>12,227,290.5</u>	<u>11,968,179.5</u>	<u>11,844,718.4</u>	<u>11,892,413.1</u>
\$ 2.727	\$ 2.727	\$ 2.727	\$ 2.727	\$ 2.673	\$ 2.673

**Water Rates
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Monthly base Rate ¹	Rate per 44 Units ²
2019	\$ 13.90	3.09
2018	12.35	2.95
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

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	2019		2010	
	Taxable Water Charges	Percentage of Total Water Revenues	Taxable Water Charges	Percentage of Total Water Revenues
Chroma Systems	\$ 450,876.55	0.87%	\$ 247,195	0.57%
Adohr Farms Inc	327,182.16	0.63%	256,656	0.59%
Fairview Villas	217,214.10	0.42%	203,216	0.47%
Far West Management Corp	191,270.38	0.37%	125,317	0.29%
Power Circuits Inc.	200,579.18	0.39%	229,352	0.53%
County of Orange	200,414.67	0.39%		0.00%
County of Orange	192,228.38	0.37%		0.00%
Warwick Square Assoc. Inc.	146,743.54	0.28%	139,952	0.32%
Mac Arthur Village	137,550.71	0.27%	145,184	0.33%
Centennial Park Soccer Field	97,400.52	0.19%		0.00%
Town Square Owners			112,243	0.26%
Western Medical Center	-	-	109,333	0.25%
On The LK Versailles	-	-	103,228	0.24%
Total	\$ 2,161,460	4.18%	\$ 1,671,676	3.85%

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					
Fiscal Year Ended June 30	Tax Allocation Bonds	Tax Allocation Refunding Bonds	Capital Leases	Certificates of Participation	
2019	\$ -	\$ -	\$ 3,020,229	\$ 55,257,535	
2018	-	-	3,455,990	56,825,037	
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	
Fiscal Year Ended June 30	Lease Revenue Bonds	Refunding Revenue Bonds	Long Term Loans	Private Placement Financing	Direct Borrowings and Placements ³
2019	\$ 19,300,000	\$ -	\$ 1,120,874	-	34,537,993
2018	22,505,000	-	10,519,142	29,820,000	-
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	-	-
Business-type Activities					
Fiscal Year Ended June 30	Revenue Bonds Payable	Refunding COP	Notes Payable		
2019	\$ 14,804,735	\$ -	-		
2018	15,662,024	-	-		
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		

SCHEDULE 13

Fiscal Year Ended June 30	Total		
	Total Primary Government	Percentage of Personal Income ²	Debt Per Capita ²
2019	\$ 128,041,366	\$ 0.06%	\$ 1,848
2018	138,787,193	0.07%	2,122
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

Source: City of Santa Ana 2010 - 2019 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.

3. The City implemented GASB 88 in fiscal year 2018-19.

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

	Fiscal Year			
	2019	2018	2017	2016
Assessed valuation	26,520,241,206	25,232,415,520	23,886,126,355	23,013,226,208
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	6,630,060,302	6,308,103,880	5,971,531,589	5,753,306,552
Debt limit percentage ¹	10%	10%	10%	10%
Debt limit	663,006,030	630,810,388	597,153,159	575,330,655
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>663,006,030</u>	<u>630,810,388</u>	<u>597,153,159</u>	<u>575,330,655</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					
2015	2014	2013	2012	2011	2010
<u>22,075,383,494</u>	<u>21,119,683,205</u>	<u>20,339,779,135</u>	<u>20,100,864,489</u>	<u>19,888,288,298</u>	<u>20,511,827,053</u>
25%	25%	25%	25%	25%	25%
<u>5,518,845,874</u>	<u>5,279,920,801</u>	<u>5,084,944,784</u>	<u>5,025,216,122</u>	<u>4,972,072,075</u>	<u>5,127,956,763</u>
10%	10%	10%	10%	10%	10%
<u>551,884,587</u>	<u>527,992,080</u>	<u>508,494,478</u>	<u>502,521,612</u>	<u>497,207,207</u>	<u>512,795,676</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>551,884,587</u></u>	<u><u>527,992,080</u></u>	<u><u>508,494,478</u></u>	<u><u>502,521,612</u></u>	<u><u>497,207,207</u></u>	<u><u>512,795,676</u></u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Direct and Overlapping Debt
Fiscal Year 2019**

<u>City of Santa Ana</u>			
2018-19 Assessed Valuation:	\$	26,520,241,206	
	Total Debt	% Applicable (1)	City's Share of
	6/30/19		Debt 06/30/19
<u>Overlapping Tax and Assessment Debt:</u>			
Metropolitan Water District	\$ 48,050,000	0.908%	\$ 436,294
Coast Community College District	754,064,504	0.246%	1,854,999
Rancho Santiago Community College District	234,052,001	30.932%	72,396,965
Rancho Santiago Community College District SFID No. 1	115,390,000	55.680%	64,249,152
Garden Grove Unified School District	396,190,160	11.534%	45,696,573
Orange Unified School District	188,000,000	3.231%	6,074,280
Santa Ana Unified School District	293,004,757	60.397%	176,966,083
Tustin Unified School District Facilities Improvement District No 2002-1	43,163,363	12.282%	5,301,324
Tustin Unified School District Facilities Improvement District No 2008-1	85,140,000	12.666%	10,783,832
Tustin Unified School District Facilities Improvement District No 2012-1	42,890,000	8.733%	3,745,584
City of Santa Ana 1915 Act Bonds	1,460,000	100.000%	1,460,000
Total Overlapping Tax and Assessment Debt:			\$ 388,965,086
<u>Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	\$ 388,720,000	4.480%	\$ 17,414,656
Orange County Pension Fund Obligations	407,629,239	4.480%	18,261,790
Orange County Board of Education Certificates of Participation	13,490,000	4.480%	604,352
Coast Community College District Certificates of Participation	2,950,000	0.246%	7,257
Orange Unified School District Benefit Obligations	76,765,000	3.231%	2,480,277
Orange Unified School District Certificates of Participation	28,483,215	3.231%	920,293
Santa Ana Unified School District Certificates of Participation	66,113,991	60.397%	39,930,867
Total Overlapping General Fund Debt			\$ 79,619,492
<u>Direct Governmental Fund Debt (Net of Bond Discount/Premium):</u>			
City of Santa Ana Governmental Fund Obligations			
Police Lase Revenue Bonds	\$ 19,300,000	100%	19,300,000
2014 Private Placement Lease Financing	25,675,000	100%	25,675,000
800 Mhz Radio System	683,691	100%	1,810,331
Streetlights Acquisition & Upgrade project	7,052,662	100%	7,052,662
2007 Local Street Improvement Projects	55,257,535	100%	55,257,535
Capital Lease Obligations	3,020,229	100%	3,020,229
Long-Term Loans & Other Payable	9,983,865	100%	1,120,874
Total Direct Governmental Fund Debt			\$ 113,236,631
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	\$ 73,952,127	99.999% - 100%	\$ 73,952,127
Total Direct Debt			\$ 113,236,631
Total Overlapping Debt			\$ 542,536,705
Combined Total Debt			\$ 655,773,336 (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.

<u>Ratios to 2018-19 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt.....	1.47%
Total Direct Debt (\$57,979,094).....	0.43%
Combined Total Debt.....	2.47%
<u>Ratios to Redevelopment Incremental Valuation (\$7,020,592,439):</u>	
Total Overlapping Tax Increment Debt.....	1.05%

Source: California Municipal Statistics, Inc. and City of Santa Ana

SCHEDULE 16

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	
2019	\$ 56,227	\$ 45,808	\$ 10,419	745	609	7.69
2018	55,560	46,758	8,802	685	677	6.46
2017	51,658	41,892	9,766	665	700	7.15
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

Source: City of Santa Ana 2010 - 2019 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)
2018	337,716	\$ 220,684,684	\$ 69,268	2.9%
2017	338,247	208,653,019	65,400	3.5%
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%

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	2019		2010	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
County of Orange	20,197	12.9%	15,390	9.5%
Santa Ana Unified School District	5,000	3.2%	-	
Santa Ana College (includes Centennial and Rancho Santiago)	3,346	2.1%	2,300	1.4%
KPC Healthcare (formerly Integrated Healthcare Holdings)	1,748	1.1%	-	
First American Title Co.	1,631	1.0%	900	0.6%
City of Santa Ana	1,439	0.9%	-	
United States Postal Service (3 locations)	1,172	0.8%	2,000	1.2%
Superior Court of CA-County of Orange	763	0.5%	-	
Aluminum Precision Products	710	0.5%	-	
Johnson & Johnson (Prev: Abbott Medical Optics Inc (AMO))	600	0.4%	-	
Ingram Micro	-	-	4,000	2.5%
Tenet Healthsystem Medical Inc	-	-	1,500	0.9%
Freedom Communications Inc.	-	-	900	0.6%
Corinthian Colleges Inc	-	-	858	0.5%
California Dept. of Mental Health			800	0.5%
Ponderosa Builders Inc			800	0.5%

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

Source: MuniServices, LLC / an Avenu Insights & Analytics Company

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

Function	Full-Time and Part-time Employees as of June 30			
	2019	2018	2017	2016
General government (1)	219	197	193	200
Cultural recreation and community services (2)	392	376	353	380
Public safety (3) (5)	621	592	604	597
Developmental services (4)	278	242	246	229
Community development	62	49	48	51
Total	1,572	1,456	1,444	1,457

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

2015	2014	2013	2012	2011	2010
188	175	164	165	178	192
368	392	401	390	396	395
585	596	635	654	877	896
238	216	223	222	256	246
60	59	69	74	90	94
<u>1,439</u>	<u>1,438</u>	<u>1,492</u>	<u>1,505</u>	<u>1,797</u>	<u>1,823</u>

Operating Indicators by Function Last Ten Fiscal Years

	2019	2018	2017
Police:			
Physical arrests	8,199	8,621	9,704
Parking citations issued	105,003	103,015	101,841
Traffic citations issued	9,032	9,860	11,184
Responses to 911 calls	162,013	156,165	148,390
Fire:			
Number of emergency calls-SAFD	-	-	-
Number of emergency calls-OCFA	27,514	26,707	25,074
Inspections-SAFD	N/A	N/A	N/A
Inspections-OCFA	3,105	2,994	1,267
Public Works:			
Streets:			
-Street resurfacing (miles) *	4	3	3
-Pot holes repaired **	2,196	4,934	2,289
Refuse collected (tons/year)			
-Goal: Max lbs refuse disposed/person	8	8	8
-Actual: lbs refuse disposed/person	6	5	5
Water:			
-New connections	22	147	56
-Water mains breaks	21	13	26
-Average daily consumption (thousands of gallons)	29,850	31,210	29,700
Parks, recreation and community services:			
Athletic field permits issued ***	-	5,282	8,835
Number of recreation classes (subjects) ***	2,160	1,157	1,847
Number of facility rentals ***	8,393	432	652
Planning and Building:			
Number of building permits issued	2,801	3,007	3,213
Number of plan checks	2,362	2,140	2,635
Number of inspections	29,261	29,053	27,278
Number of demolition building permits	82	32	84
Value of construction (in thousands):			
-Commercial and industrial construction	170,134	39,004	8,243
-Residential construction	261,885	102,518	55,001
-Other additions and alterations	3,262	144,019	141,668

* Note: Data for 2010 to 2018 has been updated.

** 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.

*** Note: Beginning in 2019, new software combines athletic field permits issued and facility rentals; recreational classes count is by class session not by subject.

Source: City of Santa Ana

SCHEDULE 20

2016	2015	2014	2013	2012	2011	2010
9,492	10,445	10,273	12,100	6,456	11,645	11,313
105,714	94,112	72,464	72,129	36,709	82,737	87,827
11,325	9,378	7,886	10,210	6,816	12,873	17,989
131,197	159,530	165,505	168,362	90,644	150,057	24,986
-	-	-	-	14,817	18,360	17,808
23,455	21,392	19,303	18,961	4,024	N/A	N/A
N/A	N/A	N/A	N/A	2,890	4,931	5,124
2,862	2,686	2,616	1,075	-	N/A	N/A
4	3	9	6	33	47	71
2,000	1,900	24,200	20,400	24,500	23,750	25,000
8	8	8	8	8	8	8
5	5	5	5	5	5	5
86	86	27	36	61	22	35
19	15	17	15	25	35	41
29,300	32,700	35,200	35,000	34,000	33,400	34,900
13,254	12,957	11,619	10,773	9,229	8,781	8,890
1,166	634	415	496	186	172	151
1,021	1,166	1,250	1,466	2,872	2,722	3,014
3,513	3,325	2,131	2,417	2,347	2,355	2,032
2,661	2,762	2,292	3,147	2,220	1,561	1,405
28,702	22,597	20,884	19,813	21,077	24,185	23,168
10	18	16	12	43	27	17
20,046	60,624	8,494	22,255	9,564	12,278	2,544
28,361	117,512	6,720	33,918	30,744	11,695	1,408
102,619	43,027	87,656	88,436	76,961	73,671	55,008

Capital Assets Statistics by Function Last Ten Fiscal Years

	2019	2018	2017
Police:			
Stations	4	4	4
Fire:			
Fire stations	10	10	10
Public Works:			
Street (miles)	422	422	422
Streetlights *	12,015	3,515	2,909
Traffic Signals	303	303	299
Parks, Recreation and community services			
Number of parks	44	44	44
Number of libraries	2	2	2
Number of recreation facilities	18	18	17
Number of municipal swimming pools	5	5	5
Number of municipal tennis centers	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS
Number of miles of bike trails	13	13	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	5,008	5,002	4,955
Sewer:			
Sewer mains (miles)	398	390	390

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

Source: City of Santa Ana

SCHEDULE 21

2016	2015	2014	2013	2012	2011	2010
4	2	2	3	3	2	2
10	10	10	10	10	10	10
422	422	422	422	422	421	425
2,871	2,861	1,872	1,822	1,805	1,789	1,630
297	297	297	297	297	292	285
44	44	44	41	35	35	35
2	2	2	2	2	2	2
17	18	18	18	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	13	13	11	11	11
480	480	480	480	481	478	478
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
4,899	4,844	4,826	4,815	4,815	4,812	4,812
390	390	390	390	390	390	390



CITY OF SANTA ANA, CALIFORNIA
Comprehensive
Annual Financial Report



CITY OF SANTA ANA,
CALIFORNIA

2019 Comprehensive Annual Financial Report

20 Civic Center Plaza, Santa Ana, California 92701 (714) 647-5400