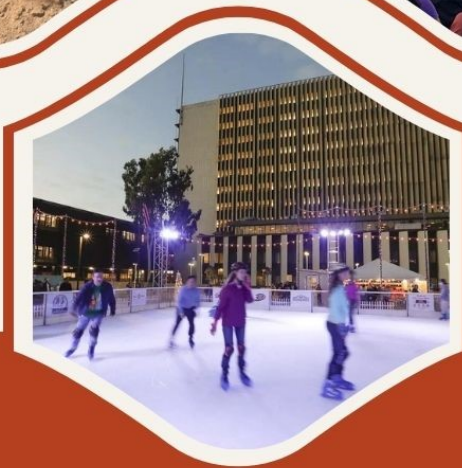


CITY OF SANTA ANA, CALIFORNIA

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022



CITY OF SANTA ANA, CALIFORNIA

**2022**  
**Annual Comprehensive**  
**Financial Report**

For the Fiscal Year Ended June 30, 2022

Prepared by  
Finance & Management Services Agency

Annual Comprehensive Financial Report

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CITY OF SANTA ANA, CALIFORNIA

Annual  
Comprehensive Financial  
Report

**MAYOR**

Vicente Sarmiento

**MAYOR PRO TEM**

Phil Bacerra

**COUNCILMEMBERS**

Johnathan Ryan Hernandez

Jessie Lopez

Nelida Mendoza

David Penalosa

Thai Viet Phan



**CITY MANAGER**  
Kristine Ridge  
**CITY ATTORNEY**  
Sonia R. Carvalho  
**CLERK OF THE COUNCIL**  
Vacant

## CITY OF SANTA ANA

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December 28, 2022

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

In accordance with California State law and City Charter requirements, it is our pleasure to present the Annual Comprehensive Financial Report (ACFR) for the City of Santa Ana (the City) for the fiscal year ending June 30, 2022. 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.

The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2022 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. CliftLarsonAllen LLP (CLA), a firm of certified public accountants, has audited the City's financial statements. CLA 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, 2022 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.

The ACFR consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. In making these representations, the management of the City has established a comprehensive internal control framework 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.

### SANTA ANA CITY COUNCIL

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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 independent auditors' 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, 2022, the City expended over \$104 million 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) of 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 62<sup>nd</sup> most populous City in the nation according to the 2021 Census data and the 13<sup>th</sup> largest City in the State.

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 more than 310,000. Santa Ana is a densely populated city, ranking fourth nationally among cities with over 300,000 residents. 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 City Clerk. Councilmembers are nominated from one of six geographic wards in the City and elected by ward on a non-partisan basis. Councilmembers serve a four-year term and are limited to three consecutive terms. The Mayor is directly elected at-large and has term limits of no more than four (4) two-year terms. The Mayor Pro Tem is nominated and elected from amongst the seated council.

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. The annual budget is the foundation for the City's financial planning and control. The legal level of budgetary control is by functional department and fund. The City Council can amend the budget throughout the year with a two-thirds vote of the Council.



## **City Profile (continued)**

The City provides a full range of municipal services, including police, construction and maintenance of streets and related infrastructure, municipal utilities such as water, sewer, refuse and sanitation, recreational activities, a public library, and various cultural events. The City has contracted the Orange County Fire Authority and CARE Ambulance Service to provide fire suppression and emergency medical services. Additionally, the City administers three other legally separate entities: 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 entertainment destinations like the Bowers Museum, MainPlace Mall, and the Discovery Science Center. Near the intersection of the Santa Ana Freeway and the Costa Mesa Freeway is the newly designated "Metro East" area, which the City Council has envisioned as a secondary mixed-use development district. Also on the city's east side is the Santa Ana Zoo at Prentice Park, notable for its collection of monkeys and species from South and Central America. 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 is the seventh-largest school district in California and the second-largest in Orange County. The District offers various programs to provide its students with a high-quality education, rigorous and advanced programs, and a nurturing, safe environment with state-of-the-art facilities and 21<sup>st</sup>-century learning and technology.

Santa Ana is the headquarters for many recognized companies such as Behr Paint, First American Corporation, KPC Healthcare, Aluminum Precision Products, 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, Ultimate Software, and Yokohama Tire Corporation. In recent years, Santa Ana has approved commercial projects in the South Coast Metro area and the Metro East development, located at the confluence of the Santa Ana Freeway and the Costa Mesa Freeway.

## **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 thirty-thousand (30,000) businesses with the top twenty-five (25) businesses generating approximately 33.7% of the jurisdiction's total sales tax revenue. The City has a solid retail base within both of its Sales Tax bases, which is anchored by the following economic segments: Business-to-Business services, General Retail and Transportation.

General retail continued its strong performance with its department and apparel stores experiencing increases on an annual basis compared to the prior year. The Transportation sector continued to experience strong results on a year over year basis, specifically new Auto-Sales and Service Stations experiencing the largest gains within the category. The Food Product sector has performed strongly during the year, specifically restaurants on a year-over-year basis.

## **Local Economy (continued)**

Over two years ago, the unprecedented impacts of the Coronavirus Disease 2019 (COVID-19) began challenging the City of Santa Ana, State of California, the nation and the entire world. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closing of businesses. Since March 2022, restrictions have been relaxed, allowing for increased economic activity causing growth in sales tax revenue due to statewide reopening in response to low levels of coronavirus cases.

While these challenges due to the pandemic created uncertainty relating to revenue estimates and expenditures for the fiscal year 2021-22, the City remained fiscally secure due to its diverse economic base while providing services to protect the health and safety of City employees and the public. The strong financial position of the City, combined with additional resources available through COVID-19 funding allocations, provide a unique opportunity to meet community needs and address the City Council's priorities.

The City received numerous COVID-19 federal, state, and local funding allocations during the past fiscal years. The most notable allocations were over \$30 million of the Coronavirus Aid, Relief, and Economic Security Act (CARES) funds and \$128 million of the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF). During fiscal year 2021-22, the City Council adopted the Revive Santa Ana Spending Plan using mostly ARPA funding. These funds will protect and revive the Santa Ana community as it emerges from the impacts of the COVID-19 pandemic. Some of the plan's major priorities include; a) Recovery from the Pandemic, b) Direct Assistance Programs, c) Public Health & Safety, d) Critical Infrastructure, and e) City Fiscal Health. The City anticipates expending these funds through FY 2025-26 as allowed per the federal guidelines.

The City continues its efforts to increase economic activity and assessed valuations for real property by actively exploring and promoting major developments. Some notable projects are Crossroads at Washington, an 85-unit affordable housing project for large families and people experiencing homelessness; Westview House, an 85-unit affordable housing project; and Habitat for Humanity's Lacy and Vance project, involving the new construction of two affordable single-family detached homes.

## **Economic Condition and Outlook**

After facing financial uncertainty due to COVID-19 pandemic, the City's financial position remains strong due to positive trend from its major revenue source and a diverse economic base. Restrictions have been relaxed, allowing for increased economic activity, causing growth in revenues due to statewide reopening in response to low levels of coronavirus cases. Most notably, revenue from the actual Sales & Use Taxes (Bradley-Burns allocation of 1.0% and local add-on Measure X of 1.5%) exceeded revised estimates by \$3.1 million. Other higher-than-anticipated revenue sources received by the City were Residual Property Tax, Utility User Tax, Business License Tax, and Cannabis Tax with a combined total exceeding revised revenue estimates by \$7.7 million. The General Fund balance increased by \$37 million, primarily due to fiscal year 2021-22 revenue performance. However, economists are forecasting slower economic growth in 2023 due to financial uncertainty related to continued inflation and the possibility of an economic recession.

## **Economic Condition and Outlook (continued)**

The City continues to leverage the positive economic climate by establishing economic incentives and assistance for businesses through public/private partnerships, focusing on short-term economic stabilization and long-term economic sustainability. In addition, City has taken measures towards mitigating pension cost increases to help with financial stability. In September 2021, the City issued \$425.8 million of bonds to refinance approximately 75% of the City's pension obligation debt. The true interest cost of the bonds is 2.8%, resulting in an estimated net present value savings of \$138 million. After the refinancing, the City was able to deposit first-year savings of \$9.5 million into the City's Section 115 Pension trust for future stabilization.

The following development projects will contribute to the City's economic diversity.

### **Residential**

- Construction of new multi-family affordable housing projects
  - Legacy Square (93 affordable housing units)
  - Westview House (85 affordable housing units)
  - Crossroads at Washington (85 affordable housing units)
  - Habitat for Humanity's Lacy and Vance Project (2 affordable homes)

### **Commercial**

- Economic Development Team
  - Small business development through workshops and incentive program
  - A "Shop Local" campaign continued to encourage residents to Shop Santa Ana
  - Assisted Planet 13 Orange County, the largest dispensary in California, in meeting their hiring needs
- Santa Ana Tourism Marketing District
  - Continued to support the citywide benefit assessment district that has improved tourism activity and increased the demand for hotel room nights in the City
  - City Council approved a 2% assessment on room revenue for all hotels of 70 rooms or more within the City for an initial five-year term beginning January 1, 2021 through December 31, 2025
- Resident Vehicle Incentive Program
  - A total of 1,503 Santa Ana residents and businesses received \$500 rebates towards the purchase of their vehicle from one of ten Santa Ana franchised dealerships
  - Aims to keep vehicle sales local and avoid leakage to other cities
- Small Business Incentive Program
  - Provided 34 new businesses with grants of up to \$5,000 to assist with business stabilization due to COVID-19 pandemic
  - Businesses were linked to the Small Business Development Center to receive technical support
- Safe Outdoor Dining Program
  - In partnership with restaurant and property owners along 1<sup>st</sup> and 17<sup>th</sup> Street, the City designed and installed 20 temporary outdoor dining spaces
  - Helped struggling restaurants financially recover from the COVID pandemic

## **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. Opportunity Zone designations remain in effect until December 31, 2028.

Santa Ana voters approved Measure W on November 8, 2022 to restructure the Business License Tax. The restructure addresses tax equity for all business sizes. The City designed Measure W to be revenue neutral, but the City will not understand the full impact to revenue until 2023 collections are complete. The City Council took action to decrease various Cannabis tax rates on October 4, 2022, including reducing supply-side taxes to 1%, and reducing retail taxes by 1%, with a further 2% reduction incentive for Qualified Social Equity Commercial Cannabis Retail Business. City Council action also allows for on-site cannabis consumption lounges and special events that may help offset the potential revenue loss from rate reductions.

Going forward, the City's focus will be on sustainability, seeking to maintain a balanced fiscal health by thoughtfully and strategically providing essential services as resources allow, while maintaining a healthy General Fund balance and adhering to the City's financial policies.

## **Long-term Financial Planning**

At the end of fiscal year 2021-22, the City continued to maintain its General Fund policy-driven operating reserve. However, results of the City's assessment of the Ten-Year Outlook indicated there is a General Fund revenue shortfall to sustain the current expenditure structure beginning in 2029 coinciding with the reduction of the Measure X use tax rate. In addition, the City faces economic uncertainties related to Federal Reserve tightening, volatile financial markets, unforeseen consequences related to future COVID-19 variants, and geopolitical concerns from the war in Ukraine. Therefore, it is prudent that City staff continuously evaluate the fiscal health and outlook and recommend necessary revisions to the budget. The flexibility will include reducing expenses where possible, while maintaining core services for the community.

Managing costs associated with City employees under the California Public Employees' Retirement System (CalPERS) pension continues to be challenging for the City. In recent years, City of Santa Ana has taken measures towards mitigating pension cost increases, including pre-payments to CalPERS to decrease the City's unfunded liability, establishing a Section 115 trust to offset future pension volatility, and issuing a Pension Obligation Bonds (POB) to refinance the City's Unfunded Accrued Liability (UAL) as described above.

Other key elements to provide long-term stability include investing in economic development; modernizing operations to provide efficient service; examining fees to ensure the City maximizes its cost recovery; and continuing a partnership with the Orange County Fire Authority to deliver Fire and Emergency Medical services.

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 and monitor local and national economic trends, to ensure the City can fund services, capital needs and other unforeseen expenditures. Through thoughtful planning and careful evaluation, the City will continue to work toward long-term fiscal sustainability, despite the current economic uncertainty.

## Relevant Financial Policies

The City follows the budget reserve policy and an unfunded employee pension liability cost reduction policy (Pension policy). The policies provides guidance for a balanced budget approach, use of one-time funds, and appropriate reserve levels as recommended by the Government Finance Officers Association (GFOA) along with strategies in addressing rising employee pension costs.

The budget and reserve policy defines the appropriateness of when to utilize the reserve along with language regarding the amount to be maintained within the operating reserve. The policy requires the City to maintain an Operating Reserve of the Unrestricted Fund Balance equivalent to a minimum of 18% of annual recurring General Fund revenue. During fiscal year 2021-22, the City continues to maintain a reserve for the General Fund, which totals approximately \$70.8 million. Subsequent to the pension debt refinancing noted above, the pension liability on the City's financial statements at June 30, 2022 is overstated, as it includes the CalPERS actuarial liability at June 30, 2021 (a one-year lag of information) and the outstanding pension obligation bonds at June 30, 2022. The City transferred the bond proceeds to CalPERS in September 2021, which was not reflected in the CalPERS actuarial report at June 30, 2021. The situation will correct itself once the City receives the CalPERS actuarial report at June 30, 2022 (expected August 2023), and the updated information is included in the City's financial statements at June 30, 2023.

## Major Initiatives

The City has embarked on many initiatives, including embracing community involvement, increasing transparency efforts, supporting future development, and improving the city's overall fiscal environment. Some of the objectives accomplished during fiscal year 2021-22 follow:

### Community Development Agency

- Opened the Navigation Center, a 200-bed facility that provides supportive services to transition to permanent housing along with mental health services
- Distributed \$300 in stimulus gift cards to impacted households in Santa Ana, reaching over 17,000 residents as part of the REVIVE Resident Stimulus Program
- Continued support of affordable housing projects, which will add 351 affordable rental units to the community and eight affordable homeownership opportunities

### Finance and Management Services Agency

- Organized and facilitated compliant spending and reporting for federal COVID-19 grant funds
- Refinanced pension debt with estimated net present value savings of approximately \$138 million and implemented a Pension Stabilization strategy for future years
- Upgraded cashiering and utility billing systems in preparation for the Automated Meter Infrastructure (AMI) Project
- Increased efforts to promote public engagement in the budget development process by implementing Budget Engagement Simulation Tool (BEST), Budget Priorities Survey, and participated in nine community budget forums throughout the City

## Major Initiatives (continued)

### Human Resources

- Revised and/or created Citywide policies, including telecommuting policy
- Enhanced Wellness program, including three wellness events and implementation of an online resource and communication platform
- 507 full-time and part-time positions filled in under an average of 60 days

### Information Technology Agency

- Developed a paperless invoice processing solution that saves more than 25% of accounts payable staff processing effort, standardizes invoice workflow, centrally locates all invoices, allows prioritization of invoices, provides an audit trail, and reduces unnecessary tasks
- Completed a major upgrade of the City's Utility Billing System in preparation for the new AMI system with FMS
- Launched a multi-year implementation project to replace the City's Land Management System (LMS)

### Library

- Utilizing Revive Santa Ana funding, developed a wide variety of digital literacy/STEM programs and a special "Library of Things" collection, which combined has served more than 6,000 library patrons
- Launched the "Knowledge Mobile" bookmobile service, which has served over 20,000 Santa Ana residents since its launch in June 2022
- Initiated architectural design services for the Main Library Transformation Project, Newhope Library Renovation Project, and the Jerome Park "Library in the Park" Project

### Parks, Recreation & Community Services

- Completion of the Parks, Facilities, Trails, and Open Space Master Plan
- Installation of the "Flight" exhibit, a live butterfly experience, at the Santa Ana Zoo
- Began construction of the Santa Ana Zoo Giant River Otter and Primate Trails Exhibit
- Continued construction of the Santiago Park – Gas House Area Development Project
- As COVID restrictions were being lifted, re-implemented City produced events (such as the 5K Run, Plaza Navidena, and newly added Juneteenth) and recreational programs

### Planning & Building Agency

- Approved, permitted, and inspected the new permanent homeless navigation center for our City with 200 beds for persons experiencing homelessness, including separate facilities for families with children
- Initiated implementation of Electronic Document Management System to convert historical building permits and plans so the records will be available online

## Major Initiatives (Continued)

### Police Department

- Reduced response times for Priority 1 calls for three consecutive calendar years; 7:36 in 2019, 6:25 in 2020, 5:31 in 2021
- During the calendar year 2021, efforts to remove guns off the streets led to an 81.43% increase in ghost gun seizures and a 19.23% increase in all gun seizures
- Continued to incorporate and expand de-escalation and bias-based training into a comprehensive training program; approximately 7,312 hours of training provided

### Public Works Agency

- Improved pedestrian mobility and safety by fixing damaged sidewalks and utilized \$1.7 million in funding to repair 886 locations within 11 neighborhoods in all 6 City Council Wards
- Used ARPA funding to sanitize and clean approximately 15,000 additional areas with high pedestrian and bicycle use
- Completed 20 Capital Improvement projects, including three sewer main projects, three main water projects, four “Complete Streets” projects, and seven facility/parks projects

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The City has received this prestigious award for forty-four consecutive years. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements. 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 Finance staff, particularly the Accounting Division. We want to express our appreciation to everyone who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their strategic leadership and support in maintaining the highest standards of professionalism in managing the City's finances.

Respectfully submitted,



Kristine Ridge  
City Manager



Kathryn Downs, CPA  
Executive Director  
Finance & Management Services Agency



CITY OF SANTA ANA, CALIFORNIA  
Annual  
Comprehensive Financial  
Report



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**GFOA Certificate of Achievement**

**Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2021**

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Government Finance Officers Association

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

Presented to

**City of Santa Ana  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

**CITY OF SANTA ANA**

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**Directory of City Officials**

**June 30, 2022**

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



**Ward**  
**1**

**Councilmember**  
**Thai Viet Phan**  
tphan@santa-ana.org



**Ward**  
**2**

**Councilmember**  
**Nelida Mendoza**  
nmendoza@santa-ana.org



**Ward**  
**3**

**Councilmember**  
**Jessie Lopez**  
jessielopez@santa-ana.org



**Ward**  
**4**

**Mayor Pro Tem**  
**Phil Bacerra**  
pbacerra@santa-ana.org



**Ward**  
**5**

**Councilmember**  
**Johnathan R Hernandez**  
jryanhernandez@santa-ana.org



**Ward**  
**6**

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

Directory of City Officials

June 30, 2022

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VACANT  
CLERK OF THE COUNCIL

KRISTINE RIDGE  
CITY MANAGER

SONIA R. CARVALHO  
CITY ATTORNEY

*COMMUNITY DEVELOPMENT AGENCY*

MICHAEL GARCIA  
EXECUTIVE DIRECTOR

*FINANCE & MANAGEMENT SERVICES*

KATHRYN DOWNS  
EXECUTIVE DIRECTOR

*HUMAN RESOURCES*

JASON MOTSICK  
EXECUTIVE DIRECTOR

*INFORMATION TECHNOLOGY*

JACK CIULLA  
CHIEF TECHNOLOGY INNOVATIONS OFFICER

*LIBRARY*

BRIAN STERNBERG  
LIBRARY SERVICES DIRECTOR

*PARKS, RECREATION & COMMUNITY SERVICES*

HAWK SCOTT  
EXECUTIVE DIRECTOR

*PLANNING & BUILDING AGENCY*

MINH THAI  
EXECUTIVE DIRECTOR

*POLICE DEPARTMENT*

DAVID VALENTIN  
POLICE CHIEF

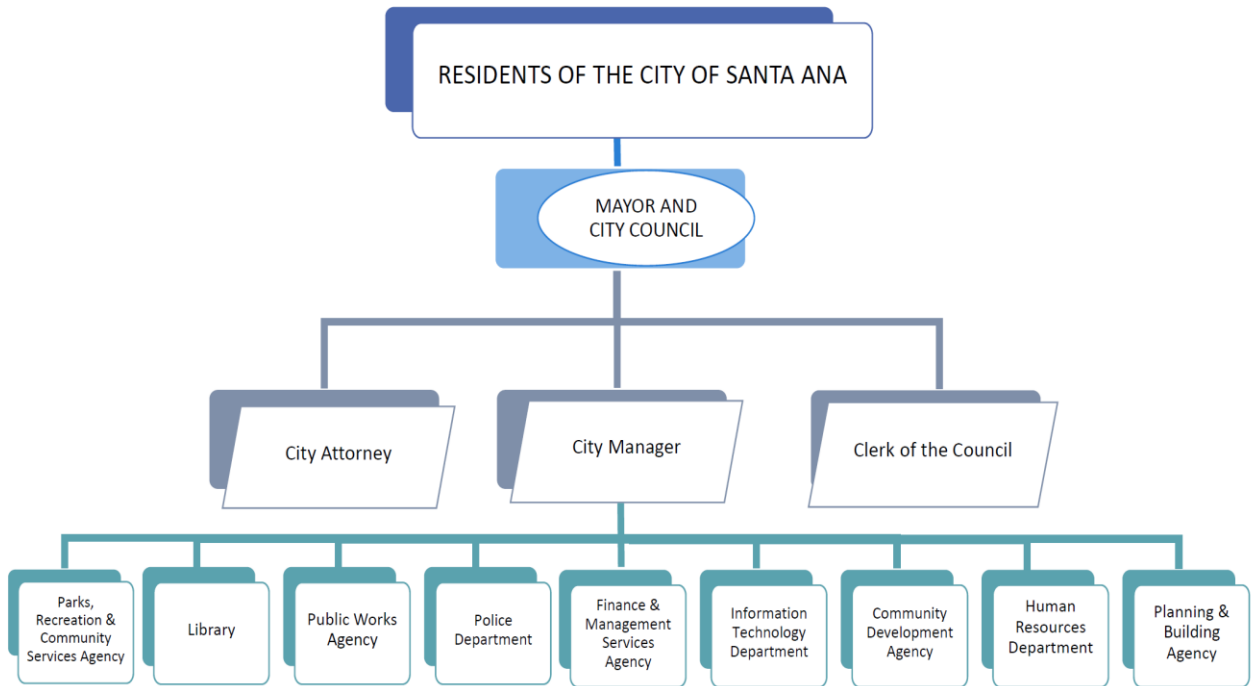
*PUBLIC WORKS AGENCY*

NABIL SABA  
EXECUTIVE DIRECTOR

**Table of Organization**

**Fiscal Year 2021-2022**

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CITY OF SANTA ANA, CALIFORNIA

# **Financial Section**





## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Santa Ana  
Santa Ana, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

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 (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

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, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of a Matter**

##### ***Change in Accounting Principle***

As described in Note 1E to the financial statements, effective July 1, 2021, the City adopted new accounting guidance, Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Santa Ana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Santa Ana's ability to continue as a going concern for a reasonable period of time.



Honorable Mayor and  
Members of the City Council  
City of Santa Ana

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Santa Ana's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Honorable Mayor and  
Members of the City Council  
City of Santa Ana

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, 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 solely 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 effectiveness of the City’s 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.



**CliftonLarsonAllen LLP**

Irvine, California  
December 28, 2022

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, 2022. 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 1-9 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, 2022 by \$881.8 million (net position). The net position consists of the following amounts: \$1,083.2 million is net investment in capital assets, \$214.1 million is restricted for various programs and a deficit of \$(415.5) million is unrestricted. Similar to other cities in California, the City's unrestricted net position was negatively impacted with 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 \$498.8 million and \$54.5 million respectively at the close of the current fiscal year. In addition, the City issued Pension Obligation Bonds (POB) in the amount of \$425.8 million during the current fiscal year. As discussed on page 126 of this report, the City's net pension liability as of the close of the fiscal year did not reflect additional \$424.6 million the City contributed to its California Public Employees' Retirement System (CalPERS) retirement plans using the POB bond proceeds. The overstatement of the liability will be corrected with the financial statement at June 30, 2023 when the updated CalPERS actuarial valuation reflects receipt of the bond proceeds. More information on the City's pension and OPEB plans can be found in Note 4 on pages 113 to 131 of this report.
- The City's total Cash and Investments (including restricted assets) at June 30, 2022 was \$544.2 million, which is an increase of \$71.7 million or 15.2 % from the prior fiscal year. The increase is largely as a result of \$18.8 million in additional sales tax revenues received for Bradley Burns and Measure X compared to prior fiscal year, as well as various federal, state, and local COVID-19 grant allocations, including the second tranche of the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) in the amount of \$64.2 million.
- The City's total capital assets increased \$38.2 million (3.3%) from the prior fiscal year. Capital assets in the governmental activities increased \$23.2 million (2.3%) and business-type activities capital assets increased \$15.0 (10.5%) million during the current fiscal year largely as a result of improvements and infrastructure related to capital projects such as sewer main, bike lanes, and street rehabilitation projects.
- The City's total long-term liabilities including net pension liability, total OPEB liability, compensated absences, and claims payable increased \$209.8 million (22.1%) during the current fiscal which was largely attributable to an addition the POB in the amount of \$425.8 million combined with a decrease in net pension liability of \$203.7 million as a result of net investment income earned for CalPERS pension plan assets.
- The City's total deferred outflows of resources on pension plans increased \$432.1 million from the prior year, primarily due to its contribution of \$424.6 million to CalPERS retirement plans with the POB bond proceeds. The total deferred inflows of resources on pension plans of \$171.0 million represented net differences between projected and actual earnings on pension plan investments.
- The City's total unearned revenue increased \$40.1 million (46.8%) during the current fiscal year mainly due the second tranche of ARPA funds received in advance to augment the City's COVID-19 response.

- The City implemented GASB Statement No. 87, *Leases*, during the current fiscal year. As a result, the City reported \$6.8 million of leases receivable and \$6.6 million of deferred amounts on leases based on present value of future lease payments, along with additional \$0.7 million of lease liability.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$322.2 million, an increase of \$30.4 million (10.4%) as compared to the prior fiscal year. Of this amount, \$151.6 million or approximately 47.1% of total fund balances is available for spending at the City's discretion (assigned and unassigned fund balance). The City's restricted net position of \$170.3 million (52.9%) represents amounts available for ongoing programs with external restrictions.
- At the end of the current fiscal year, the combined restricted and assigned fund balance for the General Fund was \$57.2 million (33.5%). The remaining amount of fund balance designated as unassigned is \$113.5 million (66.5%), which is an increase of \$8.1 million from the prior year. The increase is largely as a result of sales taxes, property tax, utility tax, and business license tax revenues outperforming budgeted expectations, along with expenditure savings from Fire & Ambulance Services.

### 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 department, fire & ambulance services, information technology, planning and building, public works, and community development. The business-type activities of the City include the following Enterprise Activities: Water, Sewer, Refuse Collections, Sanitation, Parking, 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 41-43 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 eighteen 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 American Rescue Plan Act, Special Revenue Gas Tax, Capital Projects Street Construction, and Debt Service POB, 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 American Rescue Plan Act, 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 48-54 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, Sewer, Refuse Collections, Sanitation, Parking, 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 and Sewer, 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 56-63 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 City maintains two different types of fiduciary funds. The Private-Purpose Trust Fund is used to account for the assets and liabilities for the Successor Agency to the Santa Ana Redevelopment Agency; the Custodial Fund is used to account for those assets for which the City acts solely in a custodial capacity.

The basic fiduciary funds financial statements can be found on page 64-65 and 198-199 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 69-133 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 137-151 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 155-199 of this report.

### **Government-wide Financial Analysis**

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.



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

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Cash and investments	\$ 457.4	\$ 376.6	\$ 86.8	\$ 95.9	\$ 544.2	\$ 472.5
Current and other assets	194.3	181.7	17.4	14.9	211.7	196.6
Capital assets	1,031.4	1,008.2	157.5	142.5	1,188.9	1,150.7
Total assets	<u>1,683.1</u>	<u>1,566.5</u>	<u>261.7</u>	<u>253.3</u>	<u>1,944.8</u>	<u>1,819.8</u>
<b>Deferred outflows of resources:</b>						
Unamortized loss on bond defeasance	2.1	2.9	0.1	0.2	2.2	3.1
Deferred amounts on pension plans	497.7	81.2	20.0	4.4	517.7	85.6
Deferred amounts on OPEB plan	4.3	2.6	0.7	0.4	5.0	3.0
Total deferred outflows of resources	<u>504.1</u>	<u>86.7</u>	<u>20.8</u>	<u>5.0</u>	<u>524.9</u>	<u>91.7</u>
<b>Liabilities:</b>						
Long-term liabilities	576.9	178.3	30.5	14.9	607.4	193.2
Net pension liability	480.1	667.6	18.7	34.9	498.8	702.5
Total OPEB liability	46.9	47.7	7.6	7.5	54.5	55.2
Other liabilities	225.9	171.8	16.8	12.7	242.7	184.5
Total liabilities	<u>1,329.8</u>	<u>1,065.4</u>	<u>73.6</u>	<u>70.0</u>	<u>1,403.4</u>	<u>1,135.4</u>
<b>Deferred inflows of resources:</b>						
Deferred amounts on pension plans	160.2	-	10.8	-	171.0	-
Deferred amounts on OPEB plan	5.9	3.3	1.0	0.5	6.9	3.8
Deferred amounts on leases	6.2	-	0.4	-	6.6	-
Total deferred inflows of resources	<u>172.3</u>	<u>3.3</u>	<u>12.2</u>	<u>0.5</u>	<u>184.5</u>	<u>3.8</u>
<b>Net position:</b>						
Net investment in capital assets	941.9	909.6	141.3	129.3	1,083.2	1,038.9
Restricted	211.6	208.4	2.5	1.8	214.1	210.2
Unrestricted	(468.4)	(533.5)	52.9	56.7	(415.5)	(476.8)
Total net position	<u>\$ 685.1</u>	<u>\$ 584.5</u>	<u>\$ 196.7</u>	<u>\$ 187.8</u>	<u>\$ 881.8</u>	<u>\$ 772.3</u>

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 78.5	\$ 64.8	\$ 99.2	\$ 95.1	\$ 177.7	\$ 159.9
Operating grants and contributions	128.3	126.7	0.1	0.2	128.4	126.9
Capital grants and contributions	32.2	35.5	0.1	2.9	32.3	38.4
General revenues:						
Property taxes	92.7	88.1	-	-	92.7	88.1
Hotels visitors taxes	7.5	4.4	-	-	7.5	4.4
Utility users taxes	24.8	22.7	-	-	24.8	22.7
Business taxes	39.5	34.9	-	-	39.5	34.9
Franchise taxes	12.3	11.8	-	-	12.3	11.8
Other taxes	1.7	1.4	-	-	1.7	1.4
Intergovernmental, unrestricted:						
Motor vehicle licenses	0.7	0.7	-	-	0.7	0.7
State mandated costs & reimbursements	0.4	0.2	-	-	0.4	0.2
Sales tax shared revenue	65.3	57.4	-	-	65.3	57.4
Sales tax Measure X	86.0	75.1	-	-	86.0	75.1
Investment income (loss)	(8.1)	1.0	(3.8)	(0.2)	(11.9)	0.8
Total revenues	<u>561.8</u>	<u>524.7</u>	<u>95.6</u>	<u>98.0</u>	<u>657.4</u>	<u>622.7</u>
Expenses:						
General government	40.9	66.7	-	-	40.9	66.7
Human resources	3.0	2.8	-	-	3.0	2.8
Finance and management services	10.3	11.4	-	-	10.3	11.4
Museum	1.8	1.8	-	-	1.8	1.8
Library	6.5	5.3	-	-	6.5	5.3
Recreation and community services	31.5	30.9	-	-	31.5	30.9
Police department	134.9	166.0	-	-	134.9	166.0
Fire & Ambulance services	51.3	51.3	-	-	51.3	51.3
Information Technology	0.2	0.5	-	-	0.2	0.5
Planning and building	17.2	17.9	-	-	17.2	17.9
Public works	46.1	41.6	-	-	46.1	41.6
Community development	98.5	84.7	-	-	98.5	84.7
Interest on long-term debt	15.3	5.3	-	-	15.3	5.3
Water	-	-	58.0	55.9	58.0	55.9
Sewer	-	-	6.7	6.9	6.7	6.9
Refuse collections	-	-	13.5	11.9	13.5	11.9
Sanitation	-	-	3.5	5.2	3.5	5.2
Parking	-	-	3.7	3.5	3.7	3.5
Transportation center	-	-	1.9	1.9	1.9	1.9
Federal clean water protection	-	-	3.1	3.2	3.1	3.2
Total expenses	<u>457.5</u>	<u>486.2</u>	<u>90.4</u>	<u>88.5</u>	<u>547.9</u>	<u>574.7</u>
Increase in net position before transfers and capital contribution	<u>104.3</u>	<u>38.5</u>	<u>5.2</u>	<u>9.5</u>	<u>109.5</u>	<u>48.0</u>
Transfers	(3.7)	(1.3)	3.7	1.3	-	-
Change in net position	<u>100.6</u>	<u>37.2</u>	<u>8.9</u>	<u>10.8</u>	<u>109.5</u>	<u>48.0</u>
Net position beginning, as restated	584.5	547.3	187.8	177.0	772.3	724.3
Net position ending	<u>\$ 685.1</u>	<u>\$ 584.5</u>	<u>\$ 196.7</u>	<u>\$ 187.8</u>	<u>\$ 881.8</u>	<u>\$ 772.3</u>

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 \$881.8 million at the close of fiscal year 2021-22 reflecting a positive net position.

The largest portion of the City's net position totaling \$1,083.2 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.

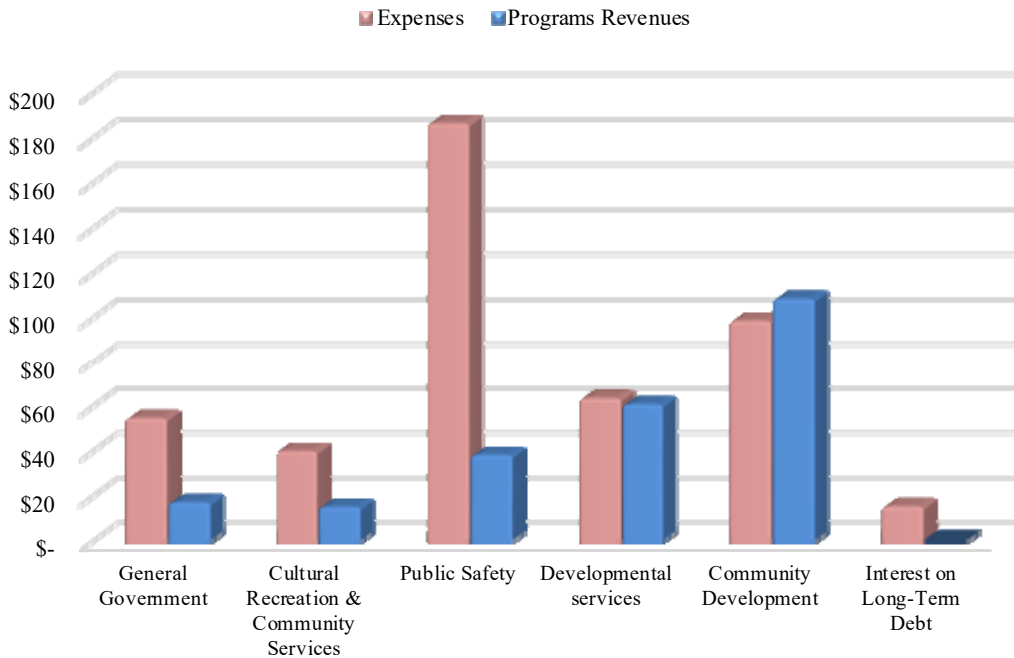
The second largest portion of the City's net position totaling \$214.1 million represents resources that are subject to external restrictions on how they may be used. The remaining portion of the City's net position is unrestricted. Significant liabilities recorded for both the pensions and OPEB, as well as issuance of the POB during the current fiscal year contributed to a negative unrestricted net position of \$(415.5) million.

**Governmental activities.** Governmental activities overall increased the City's net position by \$100.6 million compared to the prior fiscal year. The increase is largely because of increase in revenue for Charges for services, Sales Tax including Measure X, Property Taxes, and Business Taxes combined with a decreases in expenses, mainly due to adjustments of the City's net pension liability.

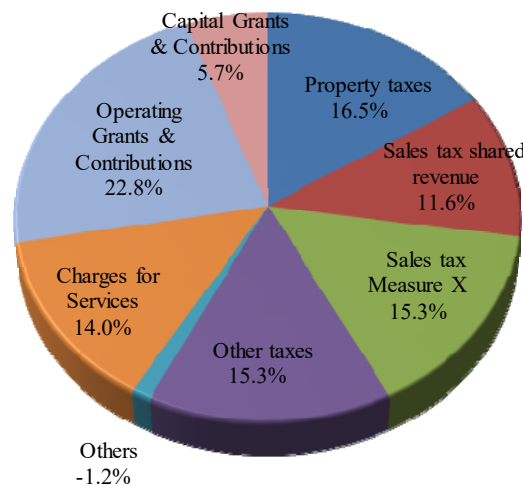
Governmental revenues increased \$37.1 million (7.1%) during the current fiscal year. Key elements related to the increase were \$13.7 million of Charges for Services, \$18.8 million for Sales tax shared revenues and Measure X, and \$4.6 million of Business Taxes. Charges for Services included a one-time spike in activity related to large construction projects for residential and mix-use development on 3<sup>rd</sup> & Broadway, Rafferty, Warner & Red Hill, 2727 Main Place, and Lacy Crossing. Sales tax shared revenue increased from the prior year due to strong performance from General Retail, Transportation, and Food Products sectors. Business Taxes reflected annual rate increase based on the Consumer Price Index. Operating Grants & Contributions increased by \$1.6 million, mainly due to receipt of federal COVID-19 related grants. Capital grants & contributions decreased mostly due to a reduction in contributed capital related to street construction projects.

Governmental activities expenses decreased \$28.7 million from the prior fiscal year. The General Government and Police Department expenses decreased \$25.8 million and 31.1 million respectively, which reflected net pension liability adjustments associated with CalPERS retirement plans as a result of increase in net investment income. There was an increase of \$13.8 million in the Community Development expenses for various business and housing assistance programs funded by COVID-19 grant funds. Federal, state, and county funding flowed through Community Development with the intent to assist the community to combat the negative effects caused by the COVID-19 pandemic. The Public Works Agency reported higher expenses compared to prior fiscal year mainly due to an increase in depreciation expense related to completion of various street construction projects. There was also an increase of \$10.0 million for interest on long-term debt mainly due to issuance of the POB.

## Expenses and Program Revenues – Governmental Activities



## Revenue by Source – Governmental Activities

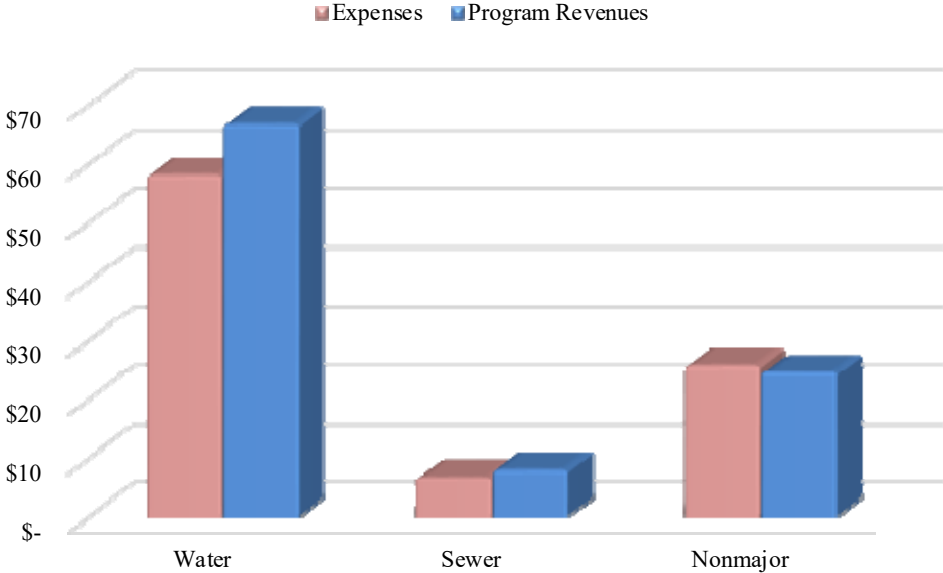


**Business-type activities.** Business-type activities increased the City’s net position by \$8.8 million in comparison to the prior fiscal year. The increase is mainly due to the following:

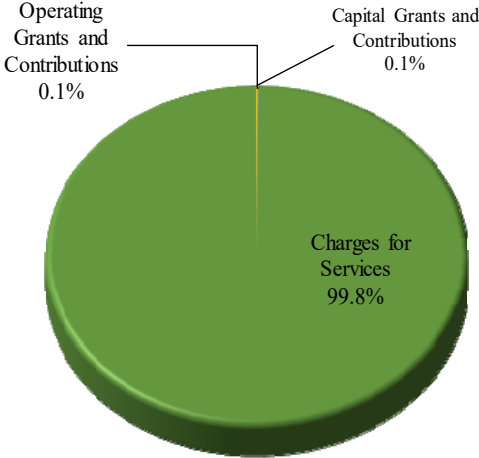
- The Water Fund net position increased by \$4.6 million due to increases in revenue from new water rates and additional water capacity fees implemented in the fiscal year, increase in the number of new customers including several large developments, and a decrease in receivables reserve as a result of more timely collection during the fiscal year.
- The Sewer Fund net position did not have significant change during the current fiscal year.
- The Non-major Refuse Collections Fund net position decreased by \$1.1 million due to increase in costs related to contractual expenditures and salaries.

- The Non-major Sanitation Fund net position increased by \$2.5 million due to decrease in the fund's proportionate share of pension costs and pension liability.
- The Non-major Federal Clean Water Protection Fund net position increased by \$0.5 million due to decrease in the fund's proportionate share of pension costs and pension liability. Capital contributions decreased by \$2.9 million primarily due to prior year contribution from governmental fund for completed storm-drain channel diversion capital project that was absent this fiscal year.
- The \$1.9 million increase of business-type expenses was primarily due to increases in administrative costs for the Water fund, and increases in contractual and salary expenses for the Refuse Collections Fund.

**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 \$322.3 million of which \$96.2 million constitutes the *unassigned fund balance*. The Special Revenue Grants Fund, Special Revenue American Rescue Plan Act Fund and the Non-Major Governmental Funds, specifically Special Revenue Funds and Capital Grants Fund reported negative unassigned fund balances due to timing of receipts, which did not meet the revenue recognition criteria for governmental funds and an adjustment to reflect a decrease in fair value of investments at year-end. The remainder of the total governmental fund balance is allocated as follows: 1) \$55.4 million assigned to both contractual obligations and continuing projects; 2) \$170.3 million is restricted by law or contractual agreements with other agencies for specific spending; and 3) \$0.3 million is for non-spendable items, such as prepaid expenses.

- The Special Revenue Grants' ending fund balance increased \$0.9 million during the current fiscal year. The increase was primarily due to collection of loan repayments related to residential development assistance programs and an increase in law enforcement grant activities.
- The Special Revenue Housing Authority ending fund balance increased \$0.6 million during the current fiscal year as a result of slight increase in revenue associated with growth of the Housing Choice Vouchers Program and an advance received to augment the City's COVID-19 response with Emergency Housing Vouchers.
- The Special Revenue American Rescue Plan Act fund balance decreased \$3.9 million due to a temporary adjustment of investments to fair market value as of the close of the fiscal year. The City holds investments to maturity without loss.
- The Special Revenue Gas Tax fund ending fund balance decreased \$3.1 million during the current fiscal year. The decrease is due to an increase in various street improvement project expenditures.
- The Capital Projects Street Construction fund balance decreased \$3.5 million during the current fiscal year, mainly due to the delay in receiving grant reimbursements. The most notable capital improvement projects are discussed in the government-wide financial analysis of governmental activities.
- The Debt Service POB Fund is a newly identified major fund due to the sizable amount of monies flowing through it. This fund was established as a result of the issuance of Pension Obligation Bonds in September 2021, in an attempt to provide future budget relief and reduce pension costs.

**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 decreased \$7.5 million for a total amount of \$49.2 million. The decrease was mainly attributable to the increases in capital asset investments primarily in the Water Fund, Sewer Fund, and Sanitation Fund as mentioned previously.

### **General Fund Financial Highlights**

The General Fund is the chief operating fund for the City, which is presented as a group of funds. At the end of the current fiscal year, the fund balance of the General Fund was \$170.7 million (\$1.8 million is restricted; \$55.4 million is assigned for various programs and services; and the unassigned amount of \$113.5 million which includes the City's Operating Reserve and the balance available for one-time spending).

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 \$113.5 million, or 32.1% of total fiscal year 2021-22 General Fund expenditures and transfers out.

The General Fund's total revenues increased \$34.6 million as compared to the prior fiscal year primarily due to increases of \$23.4 million in Sales Tax revenues including Measure X. During the current fiscal year, Property Taxes increased by \$4.6 million as compared to the prior fiscal year. The City also noted an increase in Hotel Visitors Taxes of \$3.1 million and \$2.1 million in Utility Users Taxes.

The General Fund's total expenditures increased \$18 million as compared to the prior fiscal year primarily due to an increase in the total salaries and required contribution for the unfunded liability pension costs related to CalPERS retirement plans. 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 adjustments and scheduled increases related to CalPERS retirement costs.

### **General Fund Budgetary Highlights**

During the year, there was an increase totaling \$35.0 million between the original and final amended budgeted revenues. The amendment was largely a result of increases in Sales Tax revenue (\$26.8 million), Building Plan Check Fees (\$2.1 million), Hotel Visitor's Taxes (\$2.0 million), and Business Taxes (\$1.8 million).

Actual General Fund Revenues were higher than the final budget by \$7.8 million, mostly due to better than anticipated results in sales tax revenues received for Bradley Burns and Measure X.

There was an increase of \$34.7 million between the original and final amended budgeted expenditures. The increase was largely due to \$10.9 million for transfers to support operations of several enterprise and internal service funds, \$9.4 million of project budget carryover from the prior fiscal year, and \$7.5 million for youth programs and projects.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities was \$1,083.2 million (net of accumulated depreciation) as of June 30, 2022. 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**  
**Summary of Changes in Capital Assets**  
(net of accumulated depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 20.3	\$ 20.3	\$ 9.3	\$ 9.3	\$ 29.6	\$ 29.6
Right of way	503.1	505.1	-	-	503.1	505.1
Street trees	8.0	8.0	-	-	8.0	8.0
Construction in progress	129.0	112.0	20.7	13.7	149.7	125.7
Buildings	46.8	48.2	0.6	0.8	47.4	49.0
Improvements	64.8	58.3	104.5	97.3	169.3	155.6
Equipment	10.1	11.5	12.3	11.0	22.4	22.5
Infrastructure	237.3	243.4	9.9	10.3	247.2	253.7
Library materials	0.3	0.5	-	-	0.3	0.5
Computer software	2.1	0.9	0.3	0.1	2.4	1.0
Leased Buildings	9.6	-	-	-	9.6	-
<b>Total</b>	<b>\$ 1,031.4</b>	<b>\$ 1,008.2</b>	<b>\$ 157.6</b>	<b>\$ 142.5</b>	<b>\$ 1,189.0</b>	<b>\$ 1,150.7</b>

At the end of the current fiscal year, the City's total capital assets increased by \$38.3 million (3.3%). The increase is primarily due to ongoing improvement and infrastructure projects. Highlights of the major projects include Bristol Street and Civic Center bike lane projects, citywide water and sewer main improvement projects, and street rehabilitation projects. Additional information on the City's capital assets can be found in Note 3C on page 88 – 90 of this report.

**Long-term debt.** At the end of the current fiscal year, the City's total outstanding long-term liability was \$607.4 million. Of this amount, \$493.2 million comprised of debt backed by the full faith and credit of the City, \$20.4 million represents bonds secured solely by specified revenue sources, and \$11.3 million in capital lease obligations and long-term loans.

**City of Santa Ana**  
**Summary of Changes in Long-term Liabilities**

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Capital lease obligations	\$ 9.8	\$ 9.3	\$ -	\$ -	\$ 9.8	\$ 9.3
Gas tax refunding bonds	39.2	40.6	-	-	39.2	40.6
Lease revenue bonds	8.4	12.2	10.7	11.5	19.1	23.7
Pension obligation bonds	409.5	-	16.3	-	425.8	-
Long-term loans and other payables	1.5	1.9	-	-	1.5	1.9
Net Bond discount/premium	7.7	8.1	1.3	1.5	9.0	9.6
Notes from direct borrowings	20.5	26.4	-	-	20.5	26.4
Compensated absences payable	28.3	29.0	2.2	1.9	30.5	30.9
Claims payable	52.0	50.8	-	-	52.0	50.8
<b>Total</b>	<b>\$ 576.9</b>	<b>\$ 178.3</b>	<b>\$ 30.5</b>	<b>\$ 14.9</b>	<b>\$ 607.4</b>	<b>\$ 193.2</b>

At the end of the current fiscal year, Governmental Activities and Business-type Activities long-term debt increased by \$398.6 million and \$15.6 million respectively, primarily due to issuance of \$425.7 million POB. Additional information on the City's long-term debt may also be found in Note 3E on pages 94 through 105.



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

The end of fiscal year 2019-20 and the entirety of fiscal year 2020-21 were marked by the impact of the novel coronavirus, COVID-19, the most recent significant public health crisis. Due to the pandemic, the shelter in place orders were issued by state and county public health officials, causing disruptions to business in order to encourage social distancing and protect public health. Since March 2022, restrictions have been relaxed, allowing for increased economic activity causing growth in sales tax revenue due to statewide reopening in response to low levels of coronavirus cases.

The City of Santa Ana is heading into fiscal year 2022-23 with a balanced budget due to sound fiscal policies throughout the pandemic and a diverse economic base. New additions to the budget include funding for new parks and outdoor spaces, park and community center renovations, youth programs, library improvements, street and sidewalk repairs, and public safety.

The Federal Government provided a swift and robust response to the pandemic, resulting a significant aid being provided to local governments via ARPA. During fiscal year 21-22, the City Council adopted the Revive Santa Ana Spending Plan. This comprehensive pandemic recovery initiative will provide our community with short-term and long-term health, financial, education, and other support. In addition to the second tranche of the SLFRF funds totaling \$64.2 million mentioned previously, the City received \$12.4 million of federal grants for emergency rental assistance programs.

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. The City has consistently taken steps to mitigate the impacts of increases in pension costs including pre-paying the annual UAL and establishing a trust account to pre-fund the liability. In addition, the City issued the POB during the current fiscal year to help reduce future pension contributions. Additional information about the City’s pension plans can be found in Note 4 E and F on pages 113 through 126.

The City's upcoming budget will face a range of potential fiscal challenges. Some of these uncertainties include increased costs due to record high inflation and supply chain disruptions, probability of a recession in the upcoming year, and fallout from Russia’s invasion of Ukraine. In addition, challenges related to demand in increase service levels, employee compensation including health care and pension costs, addressing deferred maintenance needs, and maintaining the health of internal service operations. To maintain future fiscal sustainability, the City maintains 18% operating reserve of recurring revenues and a diverse economic base leading to greater revenue forecasts.

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, 2022 are as follows:

<u>Account Name</u>	<u>Amount</u>
• Operating Reserve	\$ 70.8 million
• Unallocated (available for one-time spending)	\$ 42.7 million

The funding of the above-referenced accounts provides the Mayor and City Council a tool to invest in the City through economic development or improvements to public facilities. Additionally, the City maintains an unassigned fund balance available for potential future appropriation and/or address 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, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 447,185,233	\$ 85,815,343	\$ 533,000,576
Receivables:			
Taxes	5,373,847	-	5,373,847
Interest	907,011	198,804	1,105,815
Accounts, net of allowances	4,890,040	16,683,629	21,573,669
Intergovernmental	80,170,835	-	80,170,835
Leases	6,343,255	483,356	6,826,611
Loans and notes	87,993,725	-	87,993,725
Deposits	10,300	-	10,300
Inventory of supplies	597,116	-	597,116
Prepaid items	265,421	-	265,421
Restricted assets:			
Cash and investments	7,024,980	965,540	7,990,520
Cash and investments with fiscal agents	2,670,152	-	2,670,152
Pension stability fund	523,156	-	523,156
Land held for resale	7,775,641	-	7,775,641
Capital assets, not being depreciated	660,383,477	29,951,865	690,335,342
Capital assets, being depreciated, net of accumulated depreciation	361,454,189	127,631,129	489,085,318
Leased assets, being amortized, net of accumulated amortization	9,550,755	-	9,550,755
Total assets	<u>1,683,119,133</u>	<u>261,729,666</u>	<u>1,944,848,799</u>
<b>Deferred outflows of resources:</b>			
Unamortized loss on bond defeasance	2,097,249	126,397	2,223,646
Deferred amounts on pension plans	497,662,838	20,016,360	517,679,198
Deferred amounts on OPEB plan	4,294,654	698,412	4,993,066
Total deferred outflows of resources	<u>504,054,741</u>	<u>20,841,169</u>	<u>524,895,910</u>
<b>Liabilities:</b>			
Accounts payable	21,796,276	14,510,767	36,307,043
Interest payable	4,660,219	344,986	5,005,205
Retention payable	1,488,667	801,250	2,289,917
Due to city employees	6,530,639	-	6,530,639
Due to other governmental agencies	58,608,791	-	58,608,791
Deposits	6,888,437	1,172,942	8,061,379
Unearned revenue	125,813,597	-	125,813,597
Long-term liabilities- due within one year	25,954,209	1,648,075	27,602,284
Total OPEB liability- due within one year	1,443,356	297,623	1,740,979
Claims payable- due within one year	9,600,000	-	9,600,000
Due in more than one year:			
Long-term liabilities	498,957,168	28,830,488	527,787,656
Net pension liability	480,076,589	18,733,051	498,809,640
Total OPEB liability	45,482,846	7,333,714	52,816,560
Claims payable	42,361,080	-	42,361,080
Total liabilities	<u>1,329,661,874</u>	<u>73,672,896</u>	<u>1,403,334,770</u>
<b>Deferred inflows of resources:</b>			
Deferred amounts on pension plans	160,256,078	10,783,804	171,039,882
Deferred amounts on OPEB plan	5,926,119	963,733	6,889,852
Deferred amounts on leases	6,186,242	463,987	6,650,229
Total deferred inflows of resources	<u>172,368,439</u>	<u>12,211,524</u>	<u>184,579,963</u>
<b>Net Position:</b>			
Net investment in capital assets	941,900,878	141,332,453	1,083,233,331
Restricted for:			
Debt service	94,049	-	94,049
Capital projects	58,014,677	-	58,014,677
National pollution discharge elimination system	-	2,453,629	2,453,629
Community Development	7,807,162	-	7,807,162
Community Services & Planning	505,966	-	505,966
Recreation & Community Services	2,632,004	-	2,632,004
Public Safety	5,253,386	-	5,253,386
Public Works	104,064,087	-	104,064,087
Special revenue housing authority projects	32,737,485	-	32,737,485
Pension stability	523,156	-	523,156
Unrestricted	(468,389,289)	52,900,333	(415,488,956)
Total net position	<u>\$ 685,143,561</u>	<u>\$ 196,686,415</u>	<u>\$ 881,829,976</u>

See accompanying Notes to the Basic Financial Statements.

## Statement of Activities

### Year ended June 30, 2022

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 40,956,655	7,893,125	8,493,203	-
Human resources	3,012,149	-	-	-
Finance and management services	10,264,982	876,630	(266,253)	-
Museum	1,802,680	-	-	-
Library	6,500,609	2,653	28,503	-
Recreation and community services	31,482,026	10,540,833	4,025,675	351,705
Police department	134,879,748	25,333,107	4,886,386	65,918
Fire & ambulance services	51,347,163	7,768,202	-	-
Information Technology	155,305	-	-	-
Planning and building	17,219,032	17,335,316	425,691	-
Public works	46,065,873	6,712,654	13,087,018	23,064,326
Community development	98,486,181	1,996,107	97,592,054	8,718,358
Interest on long-term debt	15,214,906	-	-	-
Total governmental activities	<u>457,387,309</u>	<u>78,458,627</u>	<u>128,272,277</u>	<u>32,200,307</u>
Business-type activities:				
Water	57,963,159	66,661,230	-	54,884
Sewer	6,747,999	8,034,030	-	-
Refuse collections	13,501,180	13,360,592	125,394	-
Sanitation	3,536,717	5,801,320	-	-
Parking	3,651,144	3,732,678	-	-
Transportation center	1,892,998	555,796	-	-
Federal clean water protection	3,133,999	1,024,432	-	-
Total business-type activities	<u>90,427,196</u>	<u>99,170,078</u>	<u>125,394</u>	<u>54,884</u>
Total	<u>\$ 547,814,505</u>	<u>177,628,705</u>	<u>128,397,671</u>	<u>32,255,191</u>
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				
Sales tax Measure X				
Investment income (loss)				
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
\$ (24,570,327)	\$ -	\$ (24,570,327)
(3,012,149)	-	(3,012,149)
(9,654,605)	-	(9,654,605)
(1,802,680)	-	(1,802,680)
(6,469,453)	-	(6,469,453)
(16,563,813)	-	(16,563,813)
(104,594,337)	-	(104,594,337)
(43,578,961)	-	(43,578,961)
(155,305)	-	(155,305)
541,975	-	541,975
(3,201,875)	-	(3,201,875)
9,820,338	-	9,820,338
(15,214,906)	-	(15,214,906)
(218,456,098)	-	(218,456,098)
-	8,752,955	8,752,955
-	1,286,031	1,286,031
-	(15,194)	(15,194)
-	2,264,603	2,264,603
-	81,534	81,534
-	(1,337,202)	(1,337,202)
-	(2,109,567)	(2,109,567)
-	8,923,160	8,923,160
\$ (218,456,098)	\$ 8,923,160	\$ (209,532,938)
92,740,564	-	92,740,564
7,494,715	-	7,494,715
24,844,501	-	24,844,501
39,536,281	-	39,536,281
12,310,860	-	12,310,860
1,706,616	-	1,706,616
658,837	-	658,837
382,815	-	382,815
65,301,145	-	65,301,145
86,003,001	-	86,003,001
(8,107,251)	(3,837,369)	(11,944,620)
(3,745,749)	3,745,749	-
319,126,335	(91,620)	319,034,715
100,670,237	8,831,540	109,501,777
584,473,324	187,854,875	772,328,199
\$ 685,143,561	\$ 196,686,415	\$ 881,829,976



CITY OF SANTA ANA, CALIFORNIA  
Annual  
Comprehensive 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 receipts and disbursements 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.

American Rescue Plan Act Fund accounts for the receipts and disbursements of funds received from the U.S. Department of the Treasury to respond to the economic and public health impacts of COVID-19 and contain impacts on communities, residents, and businesses.

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 Project Fund has been classified as major fund in the accompanying financial statements:

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:

Pension Obligation Bonds (POB) Fund accounts for the receipts of revenues and payments of debt service related to the Pension Obligation 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, deferred inflows of resources, 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, a Debt Service Funds, and several Capital Projects Funds.

CITY OF SANTA ANA

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	General	Special Revenue Grants	Special Revenue Housing Authority
<b>Assets</b>			
Cash and investments	\$ 151,084,548	\$ 15,800,497	\$ 5,730,947
Receivables, net of allowances:			
Taxes	5,373,847	-	-
Interest	469,069	34,491	5,876
Accounts	4,840,038	3,553	8,177
Intergovernmental	28,635,826	4,899,269	17,335
Leases	3,945,020	2,219,270	-
Loans and notes	-	58,152,023	-
Deposits	10,300	-	-
Prepaid items	-	265,421	-
Cash and investments	-	139,351	839,644
Cash and investments with fiscal agents	1,326,097	81,344	-
Pension stability funds	523,156	-	-
Land held for resale	-	-	-
Total assets	<u>196,207,901</u>	<u>81,595,219</u>	<u>6,601,979</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities:</b>			
Accounts payable	5,390,399	5,457,932	104,934
Interest payable	14,121	-	-
Retention payable	121,108	38,281	-
Due to other funds	-	-	-
Due to City employees	6,530,639	-	-
Due to other governmental agencies	1,011,139	56,871,559	-
Unearned revenue	1,430,963	7,976,503	155,750
Deposits	6,048,143	-	839,644
Advances payable to other funds	876,000	-	-
Total liabilities	<u>21,422,512</u>	<u>70,344,275</u>	<u>1,100,328</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	215,881	2,429,732	27,925
Deferred amounts on leases	3,841,474	2,166,142	-
Total deferred inflows of resources	<u>4,057,355</u>	<u>4,595,874</u>	<u>27,925</u>
<b>Fund balances:</b>			
Nonspendable	-	265,421	-
Restricted	1,792,026	9,404,058	5,473,726
Assigned	55,405,944	-	-
Unassigned	113,530,064	(3,014,409)	-
Total fund balances	<u>170,728,034</u>	<u>6,655,070</u>	<u>5,473,726</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 196,207,901</u>	<u>\$ 81,595,219</u>	<u>\$ 6,601,979</u>

See accompanying Notes to the Basic Financial Statements.

**GOVERNMENTAL FUNDS**

Special Revenue American Rescue Plan Act	Special Revenue Gas Tax	Capital Projects Street Construction	Debt Service POB	Nonmajor Governmental Funds	Total
\$ 113,095,831	\$ 23,593,626	\$ 30,023,157	\$ -	\$ 59,905,868	\$ 399,234,474
-	-	-	-	-	5,373,847
-	61,086	82,847	-	127,282	780,651
-	-	-	-	38,272	4,890,040
-	2,353,462	29,352,027	-	14,912,916	80,170,835
-	-	178,965	-	-	6,343,255
-	-	-	-	29,841,702	87,993,725
-	-	-	-	-	10,300
-	-	-	-	-	265,421
-	-	5,591,070	-	142,719	6,712,784
-	-	1,176,525	11,216	74,970	2,670,152
-	-	-	-	-	523,156
-	-	7,700,641	-	75,000	7,775,641
<u>113,095,831</u>	<u>26,008,174</u>	<u>74,105,232</u>	<u>11,216</u>	<u>105,118,729</u>	<u>602,744,281</u>
1,058,800	732,180	2,493,349	-	3,877,474	19,115,068
-	-	-	-	-	14,121
26,143	47,728	474,408	-	780,999	1,488,667
-	-	-	-	13,683,914	13,683,914
-	-	-	-	-	6,530,639
-	-	726,093	-	-	58,608,791
115,862,371	-	371,606	-	16,404	125,813,597
-	-	650	-	-	6,888,437
-	-	-	-	-	876,000
<u>116,947,314</u>	<u>779,908</u>	<u>4,066,106</u>	<u>-</u>	<u>18,358,791</u>	<u>233,019,234</u>
-	25,082	27,954,389	-	10,633,761	41,286,770
-	-	178,626	-	-	6,186,242
-	<u>25,082</u>	<u>28,133,015</u>	<u>-</u>	<u>10,633,761</u>	<u>47,473,012</u>
-	-	-	-	-	265,421
-	25,203,184	41,906,111	11,216	86,551,178	170,341,499
-	-	-	-	-	55,405,944
(3,851,483)	-	-	-	(10,425,001)	96,239,171
<u>(3,851,483)</u>	<u>25,203,184</u>	<u>41,906,111</u>	<u>11,216</u>	<u>76,126,177</u>	<u>322,252,035</u>
\$ <u>113,095,831</u>	\$ <u>26,008,174</u>	\$ <u>74,105,232</u>	\$ <u>11,216</u>	\$ <u>105,118,729</u>	\$ <u>602,744,281</u>



CITY OF SANTA ANA, CALIFORNIA  
Annual  
Comprehensive Financial  
Report



**Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2022**

Fund balances of governmental funds	\$	322,252,035
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 \$4,897,385 which are reported below.		
Capital assets	1,534,934,971	
Accumulated depreciation	(517,994,690)	
Leased assets	11,028,190	
Accumulated amortization	(1,477,435)	
Total capital assets used in governmental activities	<u>1,026,491,036</u>	1,026,491,036
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.		
Lease obligations	(9,779,554)	
Revenue refunding bond	(39,245,000)	
Lease revenue bonds	(8,427,500)	
Pension obligation bonds	(383,502,441)	
Notes from direct borrowings	(20,530,157)	
Long-term loans & other payables	(1,518,692)	
Compensated absences payable	(25,541,368)	
Bond premium	(7,666,400)	
Unamortized loss on bond defeasance	2,097,249	
Total governmental activities long-term debt	<u>(494,113,863)</u>	(494,113,863)
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	465,663,173	
Deferred inflows of resources from pension	(144,327,674)	
Net pension liability	<u>(447,953,893)</u>	(126,618,394)
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	3,459,894	
Deferred inflows of resources from OPEB	(4,774,251)	
Total OPEB liability	<u>(37,805,083)</u>	(39,119,440)
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.		(4,366,622)
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental fund.		41,286,770
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>(40,667,961)</u>
Net position of governmental activities	\$	<u><u>685,143,561</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, 2022**

	General	Special Revenue Grants	Special Revenue Housing Authority
<b>Revenues:</b>			
Taxes	\$ 178,633,537	\$ -	\$ -
License and permits	6,840,367	-	-
Intergovernmental	152,228,176	56,104,513	46,914,777
Charges for services	20,890,365	16,056	-
Fines and forfeits	6,470,702	-	-
Investment income	(8,672,887)	591,114	20,637
Cost recoveries	14,372,311	383	74,414
Rental income	18,807,405	486,506	-
Miscellaneous	228,006	1,469,846	216,874
Total revenues	<u>389,797,982</u>	<u>58,668,418</u>	<u>47,226,702</u>
<b>Expenditures:</b>			
Current:			
General government	50,936,856	-	-
Human resources	2,978,080	-	-
Finance and management services	9,424,178	-	-
Museum	1,473,170	-	-
Library	5,918,914	28,503	-
Recreation and community services	24,709,961	849,681	-
Police department	140,218,773	4,016,521	-
Fire & ambulance services	51,176,055	-	-
Information technology	-	-	-
Planning and building	15,759,791	1,136,318	-
Public works	14,963,210	-	-
Community development	3,789,048	37,510,863	46,615,686
Pass-through payments to districts and other agencies	-	194,190	-
Capital Outlay	2,896,677	13,856,861	-
Debt Service:			
Principal	1,679,876	-	-
Interest and fiscal charges	317,734	-	-
Leases:			
Principal	124,585	985,677	-
Interest	83,993	333,886	-
Total expenditures	<u>326,450,901</u>	<u>58,912,500</u>	<u>46,615,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>63,347,081</u>	<u>(244,082)</u>	<u>611,016</u>
<b>Other financing sources (uses):</b>			
Transfers in	38,922	-	-
Transfers out	(27,114,184)	(47,452)	(24,009)
Sales of capital assets	238,070	-	-
Lease agreement	495,484	1,129,087	-
Issuance of debt	-	-	-
Total other financing sources (uses)	<u>(26,341,708)</u>	<u>1,081,635</u>	<u>(24,009)</u>
Net change in fund balances	37,005,373	837,553	587,007
Fund balances - beginning	133,722,661	5,817,517	4,886,719
Fund balances - ending	<u>\$ 170,728,034</u>	<u>\$ 6,655,070</u>	<u>\$ 5,473,726</u>

See accompanying Notes to the Basic Financial Statements.

**GOVERNMENTAL FUNDS**

Special Revenue American Rescue Plan Act	Special Revenue Gas Tax	Capital Projects Street Construction	Debt Service POB	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 1,473,220	\$ -	\$ 412,458	\$ 180,519,215
-	-	19,101	-	-	6,859,468
12,233,442	14,224,205	9,580,121	-	12,449,482	303,734,716
-	-	838,952	-	883,862	22,629,235
-	-	-	-	-	6,470,702
(3,994,857)	(1,666,015)	(855,565)	10	(1,238,853)	(15,816,416)
-	-	166,204	-	14,220,498	28,833,810
-	-	179,178	-	-	19,473,089
116,836	-	18,573	-	865,826	2,915,961
<u>8,355,421</u>	<u>12,558,190</u>	<u>11,419,784</u>	<u>10</u>	<u>27,593,273</u>	<u>555,619,780</u>
469,785	-	-	120,442,713	-	171,849,354
60,896	-	-	36,433	101,014	3,176,423
503,933	-	-	-	-	9,928,111
-	-	-	-	-	1,473,170
333,266	-	-	-	-	6,280,683
1,110,009	-	-	329,122	2,209,096	29,207,869
79,798	-	-	172,388,737	1,846,143	318,549,972
-	-	-	80,474,932	-	131,650,987
155,408	-	-	-	-	155,408
42,811	-	-	139,384	247,918	17,326,222
887,055	7,561,148	1,422,958	719,699	3,255,833	28,809,903
7,791,943	-	-	7,891,041	1,687,709	105,286,290
-	-	-	-	-	194,190
798,538	-	18,718,448	-	16,383,813	52,654,337
-	1,345,000	-	-	8,430,000	11,454,876
-	1,898,400	-	5,006,652	1,345,398	8,568,184
-	-	-	-	-	1,110,262
-	-	-	-	-	417,879
<u>12,233,442</u>	<u>10,804,548</u>	<u>20,141,406</u>	<u>387,428,713</u>	<u>35,506,924</u>	<u>898,094,120</u>
<u>(3,878,021)</u>	<u>1,753,642</u>	<u>(8,721,622)</u>	<u>(387,428,703)</u>	<u>(7,913,651)</u>	<u>(342,474,340)</u>
-	-	4,848,715	3,937,478	10,378,260	19,203,375
-	(4,856,125)	-	-	(16,954)	(32,058,724)
-	-	378,991	-	-	617,061
-	-	-	-	-	1,624,571
-	-	-	383,502,441	-	383,502,441
-	(4,856,125)	5,227,706	387,439,919	10,361,306	372,888,724
(3,878,021)	(3,102,483)	(3,493,916)	11,216	2,447,655	30,414,384
26,538	28,305,667	45,400,027	-	73,678,522	291,837,651
<u>\$ (3,851,483)</u>	<u>\$ 25,203,184</u>	<u>\$ 41,906,111</u>	<u>\$ 11,216</u>	<u>\$ 76,126,177</u>	<u>\$ 322,252,035</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, 2022**

Net change in fund balances-total governmental funds \$ 30,414,384

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period. This does not include internal service fund activity of \$1,987,636 in additions, \$804,146 in deletions, and \$1,513,017 in depreciation expense.

Capital outlay	52,654,337	
Depreciation expense	(26,433,141)	
Amortization expense	(1,320,708)	
Capital contributions & adjustments	1,086,070	
Loss on disposal of capital assets	<u>(3,269,972)</u>	22,716,586

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund. 4,437,595

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:		
Lease obligations	1,110,262	
Revenue refunding bond	1,345,000	
Lease revenue bonds	3,845,000	
Notes from direct borrowings	5,881,904	
Long-term loans & other payables	<u>382,972</u>	
Total principal repayments		12,565,138
Proceeds from lease agreement		(1,624,571)
Proceeds from bonds		(383,502,441)
Amortization of bond premium and discount		438,080
Amortization of deferred charges on refunding		(823,775)
Net change in compensated absences		<u>695,432</u>
		(372,252,137)

Accrued interest for long term liabilities including bonds payable. This is the net change in accrued interest for the current period. (4,097,061)

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. 410,882,302

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. 130,559

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. 8,438,009

Change in net position of governmental activities \$ 100,670,237

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.

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

## CITY OF SANTA ANA

## Statement of Net Position

## Proprietary Funds

June 30, 2022

	Water	Sewer
<b>Assets:</b>		
Current assets:		
Cash and investments	\$ 44,998,984	\$ 23,269,704
Receivables:		
Interest	106,681	52,572
Accounts, net of allowances	11,412,608	1,446,783
Leases	-	-
Due from other funds	-	-
Inventory of supplies	-	-
Total current assets	<u>56,518,273</u>	<u>24,769,059</u>
Noncurrent assets:		
Advances to other funds	-	-
Restricted cash and investments	965,540	-
Capital assets, not being depreciated	16,010,060	5,482,482
Capital assets, being depreciated, net of	83,469,410	22,048,287
Total noncurrent assets	<u>100,445,010</u>	<u>27,530,769</u>
Total assets	<u>156,963,283</u>	<u>52,299,828</u>
<b>Deferred outflows of resources:</b>		
Unamortized loss on bond defeasance	126,397	-
Deferred amounts on pension plans	9,454,830	3,601,289
Deferred amounts on OPEB plan	282,135	106,566
Total deferred outflow of resources	<u>9,863,362</u>	<u>3,707,855</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	12,307,709	1,117,233
Retention payable	497,371	275,852
Due to other funds	-	-
Compensated absences payable	340,121	56,100
Total OPEB liability	120,230	45,412
Interest payable	253,856	31,963
Deposits payable	1,134,244	-
Claims payable	-	-
Revenue bonds payable	865,000	-
Pension obligation bonds payable	110,244	41,991
Total current liabilities	<u>15,628,775</u>	<u>1,568,551</u>
Noncurrent liabilities:		
Compensated absences payable	1,020,364	168,301
Claims payable	-	-
Net pension liability	8,980,495	3,420,616
Total OPEB liability	2,962,579	1,118,991
Revenue bonds payable	11,147,868	-
Pension obligation bonds payable	7,681,455	2,925,820
Total noncurrent liabilities	<u>31,792,761</u>	<u>7,633,728</u>
Total liabilities	<u>47,421,536</u>	<u>9,202,279</u>
<b>Deferred inflows of resources:</b>		
Deferred amounts on pension plans	3,705,983	1,668,949
Deferred amounts on OPEB plan	389,315	147,049
Deferred amounts on leases	-	-
Total deferred inflows of resources	<u>4,095,298</u>	<u>1,815,998</u>
<b>Net position:</b>		
Net investment in capital assets	84,424,654	26,363,071
Restricted for :		
National pollution discharge elimination system	-	-
Unrestricted	30,885,157	18,626,335
Total net position (deficit)	<u>\$ 115,309,811</u>	<u>\$ 44,989,406</u>

See accompanying Notes to the Basic Financial Statements.

**PROPRIETARY FUNDS**

		Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Nonmajor		Total		
\$	17,546,655	\$	85,815,343	\$ 47,950,759
	39,551		198,804	126,360
	3,824,238		16,683,629	-
	483,356		483,356	-
	-		-	14,104,613
	-		-	597,116
	<u>21,893,800</u>		<u>103,181,132</u>	<u>62,778,848</u>
	-		-	876,000
	-		965,540	312,196
	8,459,323		29,951,865	1,724,875
	22,113,432		127,631,129	3,172,510
	<u>30,572,755</u>		<u>158,548,534</u>	<u>6,085,581</u>
	<u>52,466,555</u>		<u>261,729,666</u>	<u>68,864,429</u>
	-		126,397	-
	6,960,241		20,016,360	31,999,665
	309,711		698,412	834,760
	<u>7,269,952</u>		<u>20,841,169</u>	<u>32,834,425</u>
	1,085,825		14,510,767	2,681,208
	28,027		801,250	-
	-		-	420,699
	156,888		553,109	687,524
	131,981		297,623	355,724
	59,167		344,986	279,476
	38,698		1,172,942	-
	-		-	9,600,000
	-		865,000	-
	77,731		229,966	367,165
	<u>1,578,317</u>		<u>18,775,643</u>	<u>14,391,796</u>
	470,665		1,659,330	2,062,576
	-		-	42,361,080
	6,331,940		18,733,051	32,122,696
	3,252,144		7,333,714	8,765,395
	-		11,147,868	-
	5,416,015		16,023,290	25,583,000
	<u>15,470,764</u>		<u>54,897,253</u>	<u>110,894,747</u>
	<u>17,049,081</u>		<u>73,672,896</u>	<u>125,286,543</u>
	5,408,872		10,783,804	15,928,404
	427,369		963,733	1,151,868
	463,987		463,987	-
	<u>6,300,228</u>		<u>12,211,524</u>	<u>17,080,272</u>
	30,544,728		141,332,453	4,897,385
	2,453,629		2,453,629	-
	3,388,841		52,900,333	(45,565,346)
\$	<u>36,387,198</u>	\$	<u>196,686,415</u>	\$ <u>(40,667,961)</u>

**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year ended June 30, 2022**

	Water	Sewer
Operating revenues:		
Charges for services	\$ 66,622,643	\$ 8,034,030
Lease revenues	-	-
Miscellaneous	38,587	-
Total operating revenues	<u>66,661,230</u>	<u>8,034,030</u>
Operating expenses:		
Personnel services	7,669,572	2,045,339
Contractual services	23,928,584	1,647,358
Materials and supplies	11,445,307	7,141
Administrative charges	11,264,633	2,141,214
Insurance	-	-
Provision for self-insured losses	-	-
Depreciation	3,039,279	803,542
Total operating expenses	<u>57,347,375</u>	<u>6,644,594</u>
Operating income (loss)	<u>9,313,855</u>	<u>1,389,436</u>
Nonoperating revenues (expenses):		
Intergovernmental	-	-
Net decrease in the fair value of investment	(3,306,398)	(1,277,644)
Investment earnings	394,948	202,900
Interest expense	(615,784)	(70,749)
Loss on disposal of capital assets	-	(32,656)
Total nonoperating revenues (expenses)	<u>(3,527,234)</u>	<u>(1,178,149)</u>
Income (loss) before transfers and capital contributions	<u>5,786,621</u>	<u>211,287</u>
Capital contributions	54,884	-
Transfers in	-	-
Transfers out	(1,280,279)	(380,181)
Change in net position	<u>4,561,226</u>	<u>(168,894)</u>
Net position (deficit) - beginning	<u>110,748,585</u>	<u>45,158,300</u>
Net position (deficit) - ending	<u>\$ 115,309,811</u>	<u>\$ 44,989,406</u>

See accompanying Notes to the Basic Financial Statements.



**PROPRIETARY FUNDS**

		Business-Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds	
Nonmajor		Total			
\$	24,174,809	\$	98,831,482	\$	86,978,397
	18,098		18,098		-
	281,911		320,498		163,177
	<u>24,474,818</u>		<u>99,170,078</u>		<u>87,141,574</u>
	2,010,109		11,725,020		12,335,620
	18,281,855		43,857,797		9,141,087
	512,263		11,964,711		4,550,951
	3,263,417		16,669,264		12,218,053
	-		-		34,889,968
	-		-		11,949,372
	1,517,430		5,360,251		1,513,016
	<u>25,585,074</u>		<u>89,577,043</u>		<u>86,598,067</u>
	<u>(1,110,256)</u>		<u>9,593,035</u>		<u>543,507</u>
	125,394		125,394		-
	-		(4,584,042)		(1,123,156)
	148,825		746,673		430,481
	(130,964)		(817,497)		(618,624)
	-		(32,656)		96,201
	<u>143,255</u>		<u>(4,562,128)</u>		<u>(1,215,098)</u>
	<u>(967,001)</u>		<u>5,030,907</u>		<u>(671,591)</u>
	-		54,884		-
	6,763,080		6,763,080		9,326,000
	(1,356,871)		(3,017,331)		(216,400)
	<u>4,439,208</u>		<u>8,831,540</u>		<u>8,438,009</u>
	<u>31,947,990</u>		<u>187,854,875</u>		<u>(49,105,970)</u>
\$	<u><u>36,387,198</u></u>	\$	<u><u>196,686,415</u></u>	\$	<u><u>(40,667,961)</u></u>

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2022**

	Water	Sewer
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 66,424,507	\$ 7,927,822
Receipts from interfund services provided	-	-
Receipts from other operating sources	38,587	-
Payments to suppliers for goods and services	(43,280,943)	(3,774,389)
Payments from interfund services used	-	-
Payments to employees	(8,553,437)	(2,797,743)
Net cash provided (used) by operating activities	<u>14,628,714</u>	<u>1,355,690</u>
<b>Cash flows from noncapital financing activities:</b>		
Intergovernment contribution	-	-
Transfer in	-	-
Transfer out	(1,280,279)	(380,181)
Interest Paid	(101,831)	(38,786)
Receipt of Interfund balances	-	-
Payment of Interfund balances	-	-
Net cash provided (used) by noncapital financing activities	<u>(1,382,110)</u>	<u>(418,967)</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(11,969,351)	(6,322,962)
Proceeds from sale of capital assets	-	-
Retirement of long-term liabilities	(820,000)	-
Interest paid	(530,325)	-
Net cash used by capital and related financing activities	<u>(13,319,676)</u>	<u>(6,322,962)</u>
<b>Cash flows from investing activities:</b>		
Interest received	361,178	194,263
Net decrease in the fair value of investment	(3,306,398)	(1,277,644)
Net cash provided by investing activities	<u>(2,945,220)</u>	<u>(1,083,381)</u>
Net increase (decrease) in cash and cash equivalents	(3,018,292)	(6,469,620)
Cash and cash equivalents - beginning	<u>48,982,816</u>	<u>29,739,324</u>
Cash and cash equivalents - ending (Includes restricted assets)	<u>\$ 45,964,524</u>	<u>\$ 23,269,704</u>

See accompanying Notes to the Basic Financial Statements.

		Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds	
Nonmajor		Totals			
\$	24,391,458	\$	98,743,787	\$	-
	-		-		86,980,600
	281,911		320,498		160,974
	(21,492,687)		(68,548,019)		(65,172,053)
	-		-		(4,444,232)
	(4,556,966)		(15,908,146)		(22,559,632)
	<u>(1,376,284)</u>		<u>14,608,120</u>		<u>(5,034,343)</u>
	125,394		125,394		-
	6,763,080		6,763,080		9,326,000
	(1,356,871)		(3,017,331)		(161,647)
	(73,252)		(213,869)		(251,578)
	-		-		218,665
	(1,750,660)		(1,750,660)		-
	<u>3,707,691</u>		<u>1,906,614</u>		<u>9,131,440</u>
	(2,145,627)		(20,437,940)		(1,987,635)
	-		-		123,064
	-		(820,000)		-
	-		(530,325)		-
	<u>(2,145,627)</u>		<u>(21,788,265)</u>		<u>(1,864,571)</u>
	135,099		690,540		294,434
	-		(4,584,042)		(1,123,156)
	<u>135,099</u>		<u>(3,893,502)</u>		<u>(828,722)</u>
	320,879		(9,167,033)		1,403,804
	<u>17,225,776</u>		<u>95,947,916</u>		<u>46,859,151</u>
\$	<u>17,546,655</u>	\$	<u>86,780,883</u>	\$	<u>48,262,955</u>

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2022**

	Water	Sewer
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 9,313,855	\$ 1,389,436
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	3,039,279	803,542
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(233,950)	(106,208)
Decrease (increase) in leases receivable	-	-
Decrease (increase) in inventory of supplies	-	-
Decrease (increase) in deferred outflows from pension	(7,668,526)	(2,856,956)
Decrease (increase) in deferred outflows from OPEB	(114,601)	(43,286)
Increase (decrease) in accounts payable	3,139,170	21,324
Increase (decrease) in compensated absences payable	327,080	(107,034)
Increase (decrease) in pension obligation bonds payable	7,791,699	2,967,811
Increase (decrease) in deposits payable	35,814	-
Increase (decrease) in retention payable	218,411	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in net pension liability	(5,133,480)	(2,460,445)
Increase (decrease) in total OPEB liability	34,051	12,861
Increase (decrease) in deferred inflows from pension	3,705,983	1,668,949
Increase (decrease) in deferred inflows from OPEB	173,929	65,696
Increase (decrease) in deferred inflows from leases	-	-
Net cash provided (used) by operating activities	<u>\$ 14,628,714</u>	<u>\$ 1,355,690</u>
<b>Noncash investing, capital, and financing activities:</b>		
Decrease in fair value of investments	\$ (3,306,398)	\$ (1,277,644)
Amortization of premium & unamortized loss on bond defeasance	<u>\$ (60,669)</u>	<u>\$ -</u>

See accompanying Notes to the Basic Financial Statements.

		Business -Type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds	
Nonmajor		Total			
\$	(1,110,256)	\$	9,593,035	\$	543,507
	1,517,430		5,360,251		1,513,016
	190,222		(149,936)		(3,264,466)
	(483,356)		(483,356)		-
	-		-		242,264
	(5,079,247)		(15,604,729)		(25,277,504)
	(125,799)		(283,686)		(339,070)
	564,848		3,725,342		1,380,020
	55,982		276,028		(24,802)
	5,493,746		16,253,256		25,944,850
	27,698		63,512		-
	-		218,411		-
	-		-		1,186,202
	(8,530,174)		(16,124,099)		(23,487,433)
	38,834		85,746		98,486
	5,408,872		10,783,804		15,928,404
	190,929		430,554		522,183
	463,987		463,987		-
\$	<u>(1,376,284)</u>	\$	<u>14,608,120</u>	\$	<u>(5,034,343)</u>
\$	-	\$	(4,584,042)	\$	(1,123,156)
\$	<u>-</u>	\$	<u>(60,669)</u>	\$	<u>-</u>

**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2022**

	Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund	Custodial Funds
<b>Assets</b>		
Cash and investments	\$ 11,046,242	\$ 3,548,500
Restricted assets:		
Cash and investments with fiscal agents	11,781	105,348
Receivables, net of allowances:		
Accounts	17,343	-
Interest	23,635	569
Taxes	-	3,232
Leases	1,118,479	-
Land held for redevelopment	86,200	-
Leased assets, net of accumulated amortization	2,179,776	-
Total assets	<u>14,483,456</u>	<u>3,657,649</u>
<b>Deferred outflows of resources:</b>		
Unamortized loss on bond defeasance	3,046,028	
Deferred amounts on pension plans	150,641	
Deferred amounts on OPEB plan	17,570	
Total deferred outflows of resources	<u>3,214,239</u>	
<b>Liabilities</b>		
Accounts payable	-	260,156
Interest payable	852,946	-
Deposits payable	-	-
Due to governmental agencies	-	716,129
Due to bondholders	-	-
Long-term liabilities - Due within one year	9,217,650	-
Total OPEB liability - Due within one year	7,486	-
Due in more than one year:		
Long-term liabilities	59,626,035	-
Net pension liability	143,083	-
Total OPEB liability	184,464	-
Total liabilities	<u>70,031,664</u>	<u>976,285</u>
<b>Deferred inflows of resources:</b>		
Deferred amounts on pension plans	386,623	
Deferred amounts on OPEB plan	24,239	
Deferred amounts on leases	1,114,644	
	<u>1,525,506</u>	
<b>Net position (deficit)</b>		
Held in trust for other purposes	(53,859,475)	-
Individuals, organizations, and other governments	-	2,681,364
Total net position	<u>\$ (53,859,475)</u>	<u>\$ 2,681,364</u>

See accompanying Notes to the Basic Financial Statements.

**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Year ended June 30, 2022**

	Successor Agency to the Santa Ana Redevelopment Agency Private-Purpose Trust Fund	Custodial Funds
<b>Additions:</b>		
Property taxes	\$ 11,652,570	\$ 461,607
Investment earnings	250,634	5
Police seized assets	-	2,013,770
Miscellaneous	-	5,031
Commissary	-	1,136,530
Other	-	4,724,497
	<u>11,903,204</u>	<u>8,341,440</u>
<b>Total additions</b>	<u>11,903,204</u>	<u>8,341,440</u>
<b>Deductions:</b>		
Program expenses	827	-
Administrative expenses	(167,412)	2,792,112
Interest and fiscal agency expenses	2,964,907	-
Police seized assets	-	95,024
Bond payment	-	102,237
Payments to other agency	-	1,469,618
Commissary	-	1,299,038
Miscellaneous	-	4,634
Amoritzation	397,665	-
	<u>3,195,987</u>	<u>5,762,663</u>
<b>Total deductions</b>	<u>3,195,987</u>	<u>5,762,663</u>
Change in net position	8,707,217	2,578,777
Net position - beginning	<u>(62,566,692)</u>	<u>102,587</u>
Net position - ending	<u>\$ (53,859,475)</u>	<u>\$ 2,681,364</u>

See accompanying Notes to the Basic Financial Statements.



CITY OF SANTA ANA, CALIFORNIA  
Annual  
Comprehensive 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, 2022**

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**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, 2022**

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**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, proprietary, fiduciary private purpose trust and custodial funds financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

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, 2022**

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**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 American Rescue Plan Act Fund. This fund accounts for the receipt and disbursement of funds received from the U.S. Department of the Treasury to respond to the economic and public health impacts of COVID-19 pandemic.

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 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.

Pension Obligation Bonds Debt Service Fund. This fund is used to account for the receipts of revenues and payments of debt service related to the Pension Obligation Bonds.

The City reports the following major proprietary funds:

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

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, 2022**

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

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

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.

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).

Custodial Funds. These funds account for those assets for which the City acts solely in a custodial capacity. These funds include collection of taxes and fees imposed by and distributed to localities, deposits, and other miscellaneous accounts.

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, 2022**

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**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, 2022**

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**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. Equipment and library materials are reported as assets with an individual cost of more than \$75,000 (amount not rounded) and an estimated useful life of two years or more. Buildings, improvements, infrastructure, and computer software are reported as assets with an individual cost of more than \$250,000 (amount not rounded) and an estimated useful life of two years or more. 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. Leased assets, which include land, buildings and building improvements, follow the same capitalization thresholds as capital assets. Leased assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the leased asset into service.



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

**For the Year Ended June 30, 2022**

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

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

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

<u>Assets</u>	<u>Life</u>
Buildings and building improvements	10-40
Improvements other than buildings	20
Infrastructure	10-75
Equipment	3-15
Library materials	6
Computer software	10-20
Leased assets - building and office space	2-10

Leased assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

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 assets 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:

- Loss on bond refunding reported in the government-wide statement of net position, proprietary statement of net position, and statement of fiduciary net position. A loss on bond 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 expected and actual experience related to the net pension liability, net difference between projected and actual earnings on pension plan investments and changes in proportionate share 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, changes of assumptions, and difference between expected and actual experience 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. All of these items are amortized over the average expected remaining service lives of employees in the plan with the exception of contributions subsequent to measurement date, which are recognized as a reduction of the total OPEB liability.

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

**For the Year Ended June 30, 2022**

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

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

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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue/contra expense) until that time. The City has the following items that qualify for reporting in this category:

- Unavailable revenues reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues that are not collected during the “availability period”. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Major sources of unavailable revenues are intergovernmental revenues for grants and cost recoveries.
- Changes of assumptions, changes in proportionate share, 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 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 OPEB expense in future periods over the average expected remaining service lives of employees in the plan.
- The value of the lease receivable and any payments received at or before the commencement of the lease term that relate to future periods 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 inflows of resources in future periods over the term of the lease.

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, 2022.

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.

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

**For the Year Ended June 30, 2022**

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

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

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

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

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

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, 2022, 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 and prepaid amounts.
- *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

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

**For the Year Ended June 30, 2022**

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

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

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.

**E New Accounting Pronouncements**

**Current Year Standards**

In fiscal year ended June 30, 2022, the City adopted the following accounting standards.

- GASB Statement No. 87 - *Leases*, effective for periods beginning after June 15, 2021. In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for lease that previously were classified as operating leases as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred outflows of resources. The City adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this statement did not affect the net positions at July 1, 2021.
- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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

**For the Year Ended June 30, 2022**

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**NOTE 2. FUND DEFICITS**

At June 30, 2022, the deficit of \$3.9 million in the Major American Rescue Plan Act Special Revenue Fund is primarily due to the fair market value adjustment of cash and investments.

The deficits of \$0.3 million in the Non-major Civic Center Maintenance Special Revenue Fund and \$10.1 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 \$0.6 million in the Internal Service Central Services Fund, \$3.1 million in the Internal Service Building Maintenance Fund, \$0.7 million in the Internal Service Stores & Property Control Fund, \$27.0 million in the Internal Service Self Insurance Fund, \$0.02 million in the Internal Service City Yard Operations Fund, and \$18.9 million in the Internal Service Engineering and Administrative Services Fund are primarily due to an increase in the net pension liability, OPEB liability, and claims 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 and issued Taxable Pension Obligation Bonds in September 2021. Please see Note 4 section E for further details.

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

**For the Year Ended June 30, 2022**

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

**A. Cash and Investments**

Cash and investments as of June 30, 2022 were classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 533,000,574
Restricted assets:	
Cash and investments	7,990,520
Cash and investments with fiscal agents	2,670,154
Pension stability funds	523,156
Statement of fiduciary net position:	
Cash and investments	14,594,742
Restricted assets:	
Cash and investments with fiscal agents	117,129
Total cash and investments	\$ 558,896,275

Cash and investments as of June 30, 2022 consisted of the following:

Cash on hand	\$ 82,785
Deposits with financial institutions	37,332,296
Investments	521,481,194
Total cash and investments	\$ 558,896,275

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, 2022**

**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 Investment</u> <u>Policy</u>	<u>*Maximum</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	75 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.

\*\* In addition to the City's regular account, the State Treasurer authorized a COVID Relief Fund Account, which is subject to a separate \$75 million deposit limit.

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Notes	None
Federal Agency Securities	None
Banker's Acceptances	180 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	1 year

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

**For the Year Ended June 30, 2022**

**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 June 1, 2021, interest rate risk may be mitigated by; 1) 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, 2) purchasing investments with the intent to hold until maturity, and 3) 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	\$ 369,851,821	\$ 8,980,595	\$ 67,844,038	\$ 293,027,188
Treasury Securities	4,884,400	-	4,884,400	-
Negotiable Certificates of Deposit	6,230,435	-	-	6,230,435
Local Agency Investment Fund	140,220,004	140,220,004	-	-
Held by Fiscal Agent:				
Money Market Funds	294,534	294,534	-	-
	<u>\$ 521,481,194</u>	<u>\$ 149,495,133</u>	<u>\$ 72,728,438</u>	<u>\$ 299,257,623</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	\$ 293,550,247



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

**For the Year Ended June 30, 2022**

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

**A. Cash and Investments (Continued)**

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Rating as of Year End	
			Aaa	Not Rated
Federal Agency Securities	\$ 369,851,821	N/A	\$ 369,851,821	\$ -
U.S. Treasury Securities	4,884,400		4,884,400	-
Negotiable Certificates of Deposit	6,230,435	N/A	-	6,230,435
Local Agency Investment Fund	140,220,004	N/A	-	140,220,004
Held by Fiscal Agent:				
Money Market Funds	294,534	A	294,534	-
	<u>\$ 521,481,194</u>		<u>\$ 375,030,755</u>	<u>\$ 146,450,439</u>

Concentration of Credit Risk

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

Issuer	Investment Type	Amount
Federal Farm Credit Bank	Federal agency securities	\$ 57,320,914
Federal Home Loan Bank	Federal agency securities	213,657,058
Federal Home Loan Mortgage Corporation	Federal agency securities	41,776,260
Federal National Mortgage Association	Federal agency securities	57,097,590
U.S. Treasury Bonds	U.S. Treasury Securities	4,884,400

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

**For the Year Ended June 30, 2022**

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**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, 2022, none of the City's deposits with financial institutions in excess of federal depository insurance limits was 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 \$523,156 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, 2022 within the General Fund Balance Sheet.

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

**For the Year Ended June 30, 2022**

**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 unadjusted, quoted prices in active markets for identical assets at the measurement date.
- Level 2 inputs are observable for the assets and liabilities through corroboration with market data at the measurement date. Matrix pricing is used to value investments based on the securities' relationship to benchmark quoted prices.
- Level 3 are unobservable inputs for the assets or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. The City did not have any investments in this category as of June 30, 2022.

The City has the following recurring fair value measurements as of June 30, 2022.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal Agency Securities	\$ -	\$ 369,851,821	\$ -	\$ 369,851,821
U.S. Treasury Securities	-	4,884,400	-	4,884,400
Negotiable Certificates of Deposit	-	6,230,435	-	6,230,435
Total Leveled Investments	<u>\$ -</u>	<u>\$ 380,966,656</u>	<u>\$ -</u>	380,966,656
Local Agency Investment Fund *				140,220,004
Money Market Funds *				294,534
				<u>\$ 521,481,194</u>

\* Not subject to fair value measurements.

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

**For the Year Ended June 30, 2022**

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

**B. Leases Receivable**

For the year ended June 30, 2022, the financial statements include the adoption of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. A summary of the City's lease terms and interest rates is as follows:

Governmental Activities:

- Building and office space leases. Annual installments totaling \$ 2.4 million plus interest at rates ranging from 0.22% to 1.33 % due dates ranging from July 2022 to April 2035.
- Land leases. Annual installments totaling \$3.9 million plus interest rates ranging from 0.46 % to 1.64 %, due dates ranging from July 2022 to October 2045.

Business-Type Activities:

- Building and office space leases. Annual installments totaling \$ 2.1 million plus interest at rates ranging from 0.22 % to 2.02 % due dates ranging from July 2022 to June 2024.

Fiduciary Activities:

- Land leases. Annual installments totaling \$1.1 million plus interest rate of 0.83 % and due date of December 2027.

Total future minimum lease payments to be received under lease agreements are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 697,624	\$ 76,746	\$ 774,370
2024	417,671	71,760	489,431
2025	447,185	66,743	513,928
2026	444,269	61,404	505,673
2027	438,530	55,971	494,501
2028 - 2032	2,272,677	193,771	2,466,448
2033 - 2037	1,216,607	60,847	1,277,454
2038 - 2042	225,515	24,757	250,272
2043 - 2047	183,177	5,250	188,427
Total minimum lease payments	\$ <u>6,343,255</u>	\$ <u>617,249</u>	\$ <u>6,960,504</u>

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

**For the Year Ended June 30, 2022**

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

**B. Leases Receivable (Continued)**

Fiscal Year	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 322,641	\$ 1,042	\$ 323,683
2024	160,715	153	160,868
Total minimum lease payments	\$ 483,356	\$ 1,195	\$ 484,551

Fiscal Year	Fiduciary Activities		
	Principal	Interest	Total
2023	\$ 199,568	\$ 8,556	\$ 208,124
2024	201,237	6,887	208,124
2025	202,920	5,205	208,125
2026	204,617	3,508	208,125
2027	206,328	1,797	208,125
2028	103,809	252	104,061
Total minimum lease payments	\$ 1,118,479	\$ 26,205	\$ 1,144,684

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended June 30, 2022, the City received variable payments as required by lease agreements totaling \$ 13.5 million.

Total lease principal and interest received during the year is as follows:

	Principal	Interest
Governmental Activities	\$ 793,203	\$ 74,692
Business-Type Activities	251,293	1,272
Fiduciary Activities	202,662	9,297
Total	\$ 1,247,158	\$ 85,261

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

**For the Year Ended June 30, 2022**

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

**C. Capital Assets**

A summary of changes in the Governmental Activities capital assets at June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 20,274,022	\$ -	\$ -	\$ 20,274,022
Right of Way	505,087,095	-	(2,001,610)	503,085,485
Street Trees	8,026,751	-	-	8,026,751
Construction in progress	112,016,228	52,001,918	(35,020,927)	128,997,219
Total capital assets, not being depreciated and amortized	645,404,096	52,001,918	(37,022,537)	660,383,477
Capital assets being depreciated and amortized:				
Buildings and building improvements	203,478,794	13,660,186	-	217,138,980
Improvements other than buildings	127,736,951	11,230,957	-	138,967,908
Equipment	37,045,439	1,709,594	(1,335,516)	37,419,517
Infrastructure	486,716,057	8,046,825	(1,443,557)	493,319,325
Library materials	5,467,908	-	(370,140)	5,097,768
Computer software	6,734,107	2,474,919	-	9,209,026
Leased assets	9,403,619	1,624,571	-	11,028,190
Total capital assets being depreciated and amortized	876,582,875	38,747,052	(3,149,213)	912,180,714
Less: Accumulated depreciation for:				
Buildings and building improvements	(164,531,957)	(5,792,500)	-	(170,324,457)
Improvements other than buildings	(69,417,045)	(4,720,618)	-	(74,137,663)
Equipment	(25,586,179)	(2,573,519)	868,548	(27,291,150)
Infrastructure	(243,257,532)	(13,387,538)	615,341	(256,029,729)
Library materials	(4,976,339)	(167,098)	370,101	(4,773,336)
Computer software	(5,837,115)	(1,304,885)	-	(7,142,000)
Less: Accumulated amortization for:				
Leased assets	(156,727)	(1,320,708)	-	(1,477,435)
Total Accumulated depreciation and amortization	(513,762,894)	(29,266,866)	1,853,990	(541,175,770)
Capital assets being depreciated, net	362,819,981	9,480,186	(1,295,223)	371,004,944
Governmental activities capital assets, net	\$ 1,008,224,077	\$ 61,482,104	\$ (38,317,760)	\$ 1,031,388,421

The decrease in Construction in Progress is reflected in the increase in Right of Way, Buildings and building improvements, Improvements other than buildings, Equipment, and Infrastructure.

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

**For the Year Ended June 30, 2022**

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

**C. Capital Assets (Continued)**

A summary of changes in the Business-type Activities capital assets at June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 9,286,297	\$ -	\$ -	\$ 9,286,297
Construction in progress	<u>13,672,687</u>	<u>18,818,246</u>	<u>(11,825,365)</u>	<u>20,665,568</u>
Total capital assets not being depreciated	<u>22,958,984</u>	<u>18,818,246</u>	<u>(11,825,365)</u>	<u>29,951,865</u>
Capital assets being depreciated:				
Buildings and building improvements	8,831,492	-	-	8,831,492
Improvements other than buildings	201,326,460	10,817,158	(107,481)	212,036,137
Equipment	21,677,630	2,436,771	-	24,114,401
Parking structures	22,701,415	-	-	22,701,415
Computer software	<u>278,589</u>	<u>213,360</u>	<u>-</u>	<u>491,949</u>
Total capital assets being depreciated	<u>254,815,586</u>	<u>13,467,289</u>	<u>(107,481)</u>	<u>268,175,394</u>
Less: Accumulated depreciation for:				
Buildings and building improvements	(8,019,886)	(218,482)	-	(8,238,368)
Improvements other than buildings	(104,070,492)	(3,525,675)	107,481	(107,488,686)
Equipment	(10,719,303)	(1,094,149)	-	(11,813,452)
Parking structures	(12,328,594)	(493,792)	-	(12,822,386)
Computer software	<u>(153,220)</u>	<u>(28,153)</u>	<u>-</u>	<u>(181,373)</u>
Total Accumulated depreciation	<u>(135,291,495)</u>	<u>(5,360,251)</u>	<u>107,481</u>	<u>(140,544,265)</u>
Capital assets being depreciated, net	<u>119,524,091</u>	<u>8,107,038</u>	<u>-</u>	<u>127,631,129</u>
Business-type activities capital assets, net	<u>\$ 142,483,075</u>	<u>\$ 26,925,284</u>	<u>\$ (11,825,365)</u>	<u>\$ 157,582,994</u>

A summary of changes in the Fiduciary Activities capital asset activities at June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Private-Purpose Trust activities:				
Leased assets	\$ -	\$ 2,577,441	\$ -	\$ 2,577,441
Less: Accumulated amortization	<u>-</u>	<u>(397,665)</u>	<u>-</u>	<u>(397,665)</u>
Private-purpose trust capital assets, net	<u>\$ -</u>	<u>\$ 2,179,776</u>	<u>\$ -</u>	<u>\$ 2,179,776</u>

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

**For the Year Ended June 30, 2022**

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

**C. Capital Assets (Continued)**

	June 30, 2022
Governmental activities:	
General government	\$ 1,364,065
Finance and management services	345,982
Museum	330,482
Library	177,876
Recreation and community services	2,962,761
Police department	5,219,805
Fire and ambulance services	257,977
Planning and building	40,628
Public works	15,387,530
Community development	346,035
Internal service funds	1,513,017
Total depreciation expense-governmental activities	\$ 27,946,158
Governmental activities:	
Leased Assets:	
Community development	1,191,451
Police department	129,257
Total amortization expense-governmental activities	\$ 1,320,708
Business-type activities:	June 30, 2022
Water	\$ 3,039,279
Parking	403,539
Sanitation	194,705
Sewer	803,542
Refuse Collections	3,214
Transportation Center	430,262
Federal Clean Water Protection	485,710
Total depreciation expense - business-type activities	\$ 5,360,251

Construction Commitments

The City has active construction projects as of June 30, 2022. The projects include street widening and improvements, various park improvements, improvements to the water system, sewer improvements and storm drain improvements:



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

**For the Year Ended June 30, 2022**

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

**C. Capital Assets (Continued)**

Projects:	Spent-to date	Remaining Commitment	Total Project Budget
Street widening and improvements	\$ 124,550,925	\$ 134,912,109	\$ 259,463,034
Park improvements	12,535,143	61,262,330	73,797,473
Water system improvements	17,414,214	68,560,311	85,974,525
Sewer improvements	13,594,107	24,052,380	37,646,487
Other improvements	6,506,171	4,978,115	11,484,286

**D. Interfund Receivables, Payables, Transfers and Advances**

The composition of interfund balances as of and for the year ended June 30, 2022 is as follows:

Due To/From Other Funds:

Due To Other Funds (Payable)	Due From Other Funds (Receivable)
	Internal Service Self Insurance Fund
Non-major Special Revenue Funds:	
Civic Center & Maintenance	\$ 457,146
Non-major Capital Projects Funds:	
Capital Grants Fund	13,226,768
Internal Service Funds:	
City Yard Operations	54,753
Stores & Property Control	365,946
Total	\$ 14,104,613

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 Internal Service City Yard Operations and Stores Funds received temporary advances from the Self Insurance Internal Service Fund to cover a cash shortfall. The City is evaluating various cost-saving measures and a robust cost recovery plan to enhance its financial condition.

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

**For the Year Ended June 30, 2022**

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

**D. Interfund Receivables, Payables, Transfers and Advances (Continued)**

Interfund Transfers:

Transfers Out	Transfers In							Total
	General Fund	Capital Projects Street Construction	Debt Service POB	Nonmajor Debt Service Fund	Nonmajor Special Revenue Funds	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 3,847,794	\$ 9,569,520	\$ 600,000	\$ 3,770,870	\$ 9,326,000	\$ 27,114,184
Grants Special Revenue Fund	-	-	47,452	-	-	-	-	47,452
Gas Tax Special Revenue Fund	-	4,848,715	7,410	-	-	-	-	4,856,125
Housing Authority Special Revenue Fund	-	-	24,009	-	-	-	-	24,009
Nonmajor Special Revenue Funds	-	-	5,199	-	-	-	-	5,199
Nonmajor Capital Projects Funds	6,141	-	5,614	-	-	-	-	11,755
Water Enterprise Fund	20,727	-	-	-	-	1,259,552	-	1,280,279
Sewer Enterprise Fund	-	-	-	-	-	380,181	-	380,181
Nonmajor Enterprise Fund	4,394	-	-	-	-	1,352,477	-	1,356,871
Internal Service Funds	7,660	-	-	208,740	-	-	-	216,400
<b>Total</b>	<b>\$ 38,922</b>	<b>\$ 4,848,715</b>	<b>\$ 3,937,478</b>	<b>\$ 9,778,260</b>	<b>\$ 600,000</b>	<b>\$ 6,763,080</b>	<b>\$ 9,326,000</b>	<b>\$ 35,292,455</b>

The General Fund received transfers of \$38,922 for capital lease and loan payments for the 800 MHz Radio System. The transfers consisted of \$20,727 from the Water major Enterprise Fund, \$451 from the Parking nonmajor Enterprise Fund, \$3,943 from the Sanitation nonmajor Enterprise Fund, \$3,605 from the Equipment Maintenance and Replacement Internal Service Fund, \$4,055 from the Engineering and Administrative Services Internal Service Fund, and \$6,141 from the Capital Grants nonmajor Capital Projects Fund.

The Street Construction major Capital Projects Fund received \$4,848,715 from the Gas Tax major Special Revenue Fund for street construction, widening, and traffic improvement projects.

The Pension Obligation Bond major Debt Service Fund received transfers of \$3,937,478 for debt service payments of the Pension Obligation Bonds. The transfers consisted of \$3,847,794 from the General Fund, \$47,452 from the Grants major Special Revenue Fund, \$7,410 from the Gas Tax major Special Revenue Fund, \$24,009 from the Housing Authority major Special Revenue Fund, \$1,810 from the Air Quality Improvement nonmajor Special Revenue Fund, \$3,389 from the Civic Center Maintenance nonmajor Special Revenue Fund, \$3,094 from the Housing Successor Agency nonmajor Capital Projects Fund, and \$2,520 from the Inclusionary Housing Fee nonmajor Capital Projects Fund.

The nonmajor Santa Ana Financing Authority Debt Service Fund received transfers of \$9,778,260 for debt service payments of the 1994 Series Police Lease Revenue bonds and the 2014 Private Placement Financing. The transfers consisted of \$9,569,520 from the General Fund and \$208,740 from the Engineering and Administrative Internal Service Fund.

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

**For the Year Ended June 30, 2022**

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

**D. Interfund Receivables, Payables, Transfers and Advances (Continued)**

The Civic Center & Maintenance nonmajor Special Revenue Funds received transfers of \$600,000 from the General Fund to pay for the City's annual share of Civic Center maintenance obligations payable to the County of Orange.

The Sanitation nonmajor Enterprise Fund received transfer of \$200,000 from the Federal Clean Water Protection nonmajor Enterprise Fund for street sweeping services. The Transportation Center nonmajor Enterprise Fund received \$2,981,870 from the General Fund to address the negative fund balance. The Parking nonmajor Enterprise Fund received \$789,000 from the General Fund to support ongoing parking operations negatively impacted by COVID-19. The Federal Clean Water Protection nonmajor Enterprise Fund received \$1,259,552 from the Water major Enterprise Fund, \$380,181 from the Sewer major Enterprise Fund, and \$1,152,477 from Refuse Collection nonmajor Enterprise Fund for surcharges that fund the various activities of the storm water management program.

The Building Maintenance Internal Service Fund received \$2,500,000 from the General Fund to support aging facilities and increased demand for upkeep. The Self Insurance Internal Service Fund, The Equipment Maintenance & Replacement Internal Service Fund, and the Central Services Internal Service Fund received \$4,900,000, \$1,500,000 and \$426,000 from the General Fund respectively to address estimated negative fund balance.

Advances To/From Other Funds:

Receivable fund	Payable fund	Amount
Internal Service Funds:		
Self Insurance Fund	General Fund	\$ 876,000

The \$876,000 represents the outstanding balance of \$2,920,000 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.

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

**For the Year Ended June 30, 2022**

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

**E. Long Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
<i>Other debt:</i>					
Lease obligations	\$ 9,265,245	\$ 1,624,571	\$ 1,110,262	\$ 9,779,554	\$ 1,154,255
Revenue refunding bonds	40,590,000	-	1,345,000	39,245,000	1,400,000
Lease revenue bonds	12,272,500	-	3,845,000	8,427,500	4,085,000
Pension Obligations bonds	-	409,452,604	-	409,452,604	5,793,279
Long-term loans & other payables	1,901,664	-	382,972	1,518,692	370,095
Unamortized bond discount/premium, net	8,104,480	-	438,080	7,666,400	-
<i>Direct borrowings and placements:</i>					
Notes from direct borrowings	26,412,061	-	5,881,904	20,530,157	6,078,712
<i>Other long-term liabilities:</i>					
Compensated absences payable	29,011,704	9,102,799	9,823,033	28,291,470	7,072,868
Claims payable - worker's compensation	33,102,777	4,976,170	5,179,073	32,899,874	5,200,000
Claims payable - liability insurance	17,672,101	8,159,405	6,770,300	19,061,206	4,400,000
Governmental activities total	<u>\$ 178,332,532</u>	<u>\$ 433,315,549</u>	<u>\$ 34,775,624</u>	<u>\$ 576,872,457</u>	<u>\$ 35,554,209</u>
Business-type activities:					
<i>Other debt:</i>					
Revenue bonds payable	\$ 11,495,000	\$ -	\$ 820,000	\$ 10,675,000	\$ 865,000
Pension Obligations bonds	-	16,253,254	-	16,253,254	229,965
Add: Bond premium	1,485,157	-	147,289	1,337,868	-
<i>Other long-term liabilities:</i>					
Compensated absences payable	1,936,411	1,120,489	844,459	2,212,441	553,110
Business-type activities total	<u>\$ 14,916,568</u>	<u>\$ 17,373,743</u>	<u>\$ 1,811,748</u>	<u>\$ 30,478,563</u>	<u>\$ 1,648,075</u>

At year-end, \$2.8 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, 2022**

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

**E. 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, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Private-purpose trust activities:					
<i>Other debt:</i>					
Lease obligations	\$ -	\$ 2,577,441	\$ 375,118	\$ 2,202,323	\$ 390,894
2018A Tax allocation refunding bonds	10,435,000	-	445,000	9,990,000	795,000
2018B Tax allocation refunding bonds	58,705,000	-	3,415,000	55,290,000	8,030,000
Pension Obligation bonds	-	124,142	-	124,142	1,756
Add: Bond premium	1,372,189	-	134,969	1,237,220	-
Private-purpose trust total	\$ 70,512,189	\$ 2,701,583	\$ 4,370,087	\$ 68,843,685	\$ 9,217,650

The City's legal debt margin is 10% of the total assessed valuation, which is \$763.5 million for the fiscal year ended June 30, 2022.

A description of each long-term debt obligation follows:

**LEASE OBLIGATIONS**

For the year ended June 30, 2022, the financial statements include the adoption of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. This standard requires the recognition of certain lease liabilities for leases that previously were classified as operating leases and as outflows of resources recognized based on the payment provisions of the contract. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

A summary of the Entity's lease terms and interest rates is as follows:

Governmental Activities:

- Building and office space leases. Annual installments totaling \$ 9.8 million plus interest at rates ranging from 0.22% to 1.33 % due dates ranging from July 2021 to July 2035.

Fiduciary Activities:

- Building and office space leases. Annual installments totaling \$ 2.2 million plus interest at rates ranging from 0.70% to 0.83 % due dates ranging from July 2021 to December 2027.

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

**For the Year Ended June 30, 2022**

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

**E. Long Term Liabilities (Continued)**

Fiscal Year	Governmental Activities		Total
	Principal	Interest	
2023	\$ 1,154,255	\$ 333,896	\$ 1,488,151
2024	609,352	331,658	941,010
2025	615,401	329,466	944,867
2026	530,880	326,973	857,853
2027	559,599	323,990	883,589
2028 - 2032	3,286,194	1,545,633	4,831,827
2033 - 2036	3,023,873	1,005,776	4,029,649
Total minimum lease payments	\$ <u>9,779,554</u>	\$ <u>4,197,392</u>	\$ <u>13,976,946</u>

Fiscal Year	Fiduciary Activities		Total
	Principal	Interest	
2023	\$ 405,318	\$ 16,153	\$ 421,471
2024	393,936	12,535	406,471
2025	397,001	9,470	406,471
2026	400,090	6,381	406,471
2027	403,203	3,268	406,471
2028	202,775	459	203,234
Total minimum lease payments	\$ <u>2,202,323</u>	\$ <u>48,266</u>	\$ <u>2,250,589</u>

Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Total minimum lease payments have not been reduced by \$0.3 million to be received in the future under non-cancelable subleases.

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Governmental Activities	Fiduciary Activities
Buildings and office space	\$ 11,028,190	\$ 2,577,441
Less: accumulated amortization	<u>(1,477,435)</u>	<u>(397,665)</u>
Total Leased Assets	\$ <u>9,550,755</u>	\$ <u>2,179,776</u>

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

**For the Year Ended June 30, 2022**

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

**E. Long Term Liabilities (Continued)**

**REVENUE REFUNDING BONDS**

Gas Tax Revenue Refunding Bonds, Series 2019. On December 10, 2019, the City issued the Gas Tax Revenue Refunding Bonds, Series 2019 in the amount of \$44.7 million. The proceeds of the bonds were used for defeasance and refinancing of the 2007 Gas Tax Revenue Certificates of Participation. The 2019 Gas Tax Refunding Bonds mature serially starting on January 1, 2020 through January 1, 2040 in amounts ranging from \$1.3 million to \$3.1 million and pay interest at rates varying from 4.0% to 5.0%.

The Bonds are payable from and secured by the City’s pledge of Gas Tax Revenues and certain funds and accounts held under the Indenture. Gas Tax Revenues consist of all amounts received by the City under Streets and Highways Code Sections 2103, 2105, 2106, and 2107. Pledged revenue recognized during the fiscal year ended June 30, 2022 was \$7.5 million against total debt payment of \$3.2 million. The refunding resulted in cash flow difference of \$15.7 million and an economic gain (difference between the present values of the old debt and new debt service payment) of \$11.3 million. The unpaid balance as of June 30, 2022 was \$39.2 million.

Period Ending June 30	Principal	Interest
2023	\$ 1,400,000	\$ 1,836,500
2024	1,465,000	1,764,875
2025	1,545,000	1,689,625
2026	1,615,000	1,610,625
2027	1,700,000	1,527,750
2028-2032	9,865,000	6,240,875
2033-2037	12,580,000	3,449,250
2038-2040	9,075,000	554,100
Total	\$ 39,245,000	\$ 18,673,600

**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, 2021 and \$38.6 million of noncallable Premium Term Bonds due in amounts ranging from \$6.8 million starting July 1, 2022, to \$8.7 million ending July 1, 2024.

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

**For the Year Ended June 30, 2022**

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

**E. Long Term Liabilities (Continued)**

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

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

The bonds are payable from revenues of the Financing Authority, consisting principally of base rental payments by the City pursuant to a lease agreement between the City and the Authority. The City agreed to make all base rental payments sufficient to permit the Authority to pay principal and interest on all the bonds described in the preceding paragraph. These revenues are pledged until fiscal year 2024. Payment of principal and interest on the bonds is covered by a municipal bond insurance policy issued by Municipal Bond Investors Assurance Company (MBIA). The unpaid balance as of June 30, 2022 was \$8.4 million.

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

Period Ending		Principal	Interest
June 30		Principal	Interest
2023	\$	4,085,000	\$ 526,719
2024		4,342,500	271,406
Total	\$	<u>8,427,500</u>	<u>798,125</u>

**PENSION OBLIGATION BONDS**

2021 Taxable Pension Obligation Bonds, Series A

On September 1, 2021, the City issued \$425.8 million Taxable Pension Obligation Bonds, Series A. The proceeds of the bonds will be used to (i) pay all or a portion of the City’s currently amortized, unfunded accrued actuarial liability to the California Public Employees’ Retirement System with respect to the City’s defined benefit retirement plans for City employees, and (ii) pay costs of issuance of the Bonds. Taxable Pension Obligation Bonds, Series A mature serially on August 1 beginning 2022 through 2034 in amounts ranging from \$6.0 million to \$33.4 million and pay interest at rates varying from 0.25% to 2.6%. The unpaid balance as of June 30, 2022 was \$425.8 million.



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

**For the Year Ended June 30, 2022**

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

**E. Long Term Liabilities (Continued)**

The annual debt service requirements are as follows:

Period Ending June 30	Principal	Interest
2023	\$ 6,025,000	\$ 10,999,118
2024	2,065,000	10,987,744
2025	3,345,000	10,972,803
2026	5,970,000	10,932,631
2027	8,790,000	10,851,812
2028-2032	83,020,000	50,453,983
2033-2037	159,605,000	36,403,312
2038-2042	132,020,000	12,963,271
2043-2045	24,990,000	983,770
Total	<u>\$ 425,830,000</u>	<u>\$ 155,548,445</u>

**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 streetlights 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, 2022 was \$1.5 million. The annual debt service requirements are as follows:

Period Ending June 30	Principal
2023	\$ 370,095
2024	330,172
2025	266,467
2026	182,223
2027	128,279
2028-2031	241,456
Total	<u>\$ 1,518,692</u>

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

**For the Year Ended June 30, 2022**

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

**E. Long Term Liabilities (Continued)**

**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, 2022 was \$12.4 million.

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
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	-	-	-	-	645,000	90,094	645,000	90,094
2026	-	-	-	-	665,000	65,531	665,000	65,531
2027	-	-	-	-	695,000	40,031	695,000	40,031
2028	-	-	-	-	720,000	13,500	720,000	13,500
Total	\$ 5,000,000	\$ 250,328	\$ 2,270,000	\$ 113,710	\$ 5,090,000	\$ 516,926	\$ 12,360,000	\$ 880,964

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, 2022 was \$0.4 million.

The annual debt service requirements are as follows:

Period Ending June 30	Principal	Interest
2023	\$ 115,514	\$ 9,423
2024	119,018	5,919
2025	122,630	2,308
Total	\$ 357,162	\$ 17,650

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

**For the Year Ended June 30, 2022**

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

**E. Long Term Liabilities (Continued)**

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, 2022 was \$0.6 million.

The annual debt service requirements are as follows:

Period Ending		Principal		Interest
June 30				
2023	\$	190,430	\$	16,072
2024		196,402		10,099
2025		202,562		3,940
Total	\$	<u>589,394</u>	\$	<u>30,111</u>

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 payments required during the ten-year term of the agreement are \$4.9 million. The 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 \$4.2 million and accumulated depreciation of \$2.5 million as of June 30, 2022. Since the agreement transfers ownership of the equipment to the City at the end of the term, the City is reporting this arrangement as a long-term other payable. The future minimum obligations and the net present value of these minimum payments as of June 30, 2022 were as follows:

Period Ending		Principal		Interest
June 30				
2023	\$	430,625	\$	56,141
2024		444,254		42,512
2025		458,315		28,451
2026		472,819		13,945
Total	\$	<u>1,806,013</u>	\$	<u>141,049</u>

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

**For the Year Ended June 30, 2022**

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

**E. Long Term Liabilities (Continued)**

Streetlights Acquisition and Upgrade Project Financing. On April 4, 2017, City Council approved a Purchase and Sale agreement with Southern California Edison 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 \$5.4 million at interest rate of 3.3% per annum.

The annual debt service requirements are as follows:

Period Ending		Principal		Interest
June 30				
2023	\$	602,145	\$	180,406
2024		622,196		160,354
2025		642,915		139,635
2026		664,324		118,226
2027		686,446		96,104
2028-2030		2,199,562		148,090
Total	\$	5,417,588	\$	842,815

**COMPENSATED ABSENCES PAYABLE**

The City’s policies relating to compensated absences are described in Note 1D. The outstanding balance at June 30, 2022 was \$28.3 million and \$2.2 million for the Governmental Activities and Business-type Activities respectively. The liability for Governmental Activities is primarily liquidated from the General Fund while the liability for Business-type activities is liquidated from the Enterprise Funds.

**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%.

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

**For the Year Ended June 30, 2022**

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

**E. Long Term Liabilities (Continued)**

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, 2022 was \$4.5 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, 2022 was \$10.7 million.

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

Period Ending June 30	Principal	Interest
2023	\$ 865,000	\$ 488,200
2024	905,000	450,738
2025	940,000	411,400
2026	985,000	363,275
2027	1,035,000	317,950
2028-2032	5,945,000	772,375
Total	\$ <u>10,675,000</u>	\$ <u>2,803,938</u>

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

Operating revenue	\$ <u>66,661,230</u>
Operating expenses (net of depreciation expense of \$ 3,039,279)	<u>54,308,096</u>
Net revenue	12,353,134
Amount required for payment of principal and interest payable for the year ended June 30, 2023 (\$1,353,200 x 1.20)	<u>1,623,840</u>
Excess of net revenue over amount required	\$ <u>10,729,294</u>

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

**For the Year Ended June 30, 2022**

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

**E. 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.

2018A Tax Allocation Refunding Bonds. On November 8, 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, 2020 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 2018A Tax Allocation Refunding Bonds debt service to maturity is as follows:

Period Ending June 30	Principal	Interest
2023	\$ 795,000	\$ 475,650
2024	830,000	439,000
2025	875,000	396,375
2026	915,000	351,625
2027	965,000	304,625
2028-2032	<u>5,610,000</u>	<u>728,750</u>
Total	<u>\$ 9,990,000</u>	<u>\$ 2,696,025</u>

2018B Tax Allocation Refunding Bonds. On November 8, 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, 2020 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.

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

**For the Year Ended June 30, 2022**

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

**E. Long Term Liabilities (Continued)**

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

Period Ending June 30	Principal	Interest
2023	\$ 8,030,000	\$ 1,922,344
2024	8,635,000	1,629,139
2025	9,285,000	1,304,150
2026	9,970,000	946,080
2027	11,315,000	540,217
2028-2029	8,055,000	313,367
Total	\$ <u>55,290,000</u>	\$ <u>6,655,297</u>

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 1<sup>st</sup> 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:

<https://www.santa-ana.org/successor-agency-oversight-board/>

**F. 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.

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

**For the Year Ended June 30, 2022**

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

**F. Special Assessment Debt with No City Commitment (Continued)**

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, 2022 for the bonds was as follows:

Number	Fixed Rate Issues	Bonds Issued	Bonds Outstanding
2015-01	Warner Industrial Community	\$ 1,585,000	\$ 1,240,000
	Total Fixed Rate Issues	\$ 1,585,000	\$ 1,240,000

**G. 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, 2022, the City and the Housing Authority of the City has issued residential mortgage revenue bonds totaling \$50.4 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:

Issue Date	Interest Rate	Amount
July 1, 2001	4.00-6.50%	\$ 3,640,000
November 1, 2001	6.05%	3,306,407
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
		\$ 50,354,811



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

**For the Year Ended June 30, 2022**

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

**G. Other Bonds and Loan Programs (Continued)**

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 provided 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 provided up to \$12,000 with 0% interest and is forgivable at a rate of 20% of the loan amount per year and fully forgiven after five years of owner occupancy.

In 2021, the City Council implemented the City's new Home Repair Program. The program is administered by Habitat for Humanity of Orange County on behalf of the City. The program provides grants of up to \$25,000 for eligible home repairs to include eligible roof replacement to low-income homeowners at or below 80% of the Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD). Eligible activities include the repair, replacement, and/or installation of major systems including plumbing, heating, electrical, windows, roof, paint, and handicap accessibility.

A number of loans that 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 \$80,000 to \$120,000 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 forgiveness.

In addition, the City provides residual receipt loans with up to 3% interest to developers of multi-family affordable housing projects for new construction or acquisition/rehabilitation. In 2012, the Successor Agency to the Community Redevelopment Agency of the City of Santa Ana provided a one-time forgivable loan of \$2,900,000 for the development of a 41-unit new construction project that shall be forgiven in March 2067.

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

**For the Year Ended June 30, 2022**

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

**G. Other Bonds and Loan Programs (Continued)**

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, 2022. 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	\$ 43,828,270	\$ (286,118)	\$ 43,542,152
Community Development Block Grants	4,727,900	(664,443)	4,063,457
Neighborhood Stabilization Program	9,253,930	-	9,253,930
CalHome Program	1,077,954	(133,341)	944,613
Rental Rehabilitation Program	347,871	-	347,871
Total Special Revenue Grants	<u>59,235,925</u>	<u>(1,083,902)</u>	<u>58,152,023</u>
Capital Projects - Inclusionary Housing Fee	7,757,702	(200,000)	7,557,702
Capital Projects - Housing Successor Agency	<u>72,375,402</u>	<u>(50,091,402)</u>	<u>22,284,000</u>
	<u>\$ 139,369,029</u>	<u>\$ (51,375,304)</u>	<u>\$ 87,993,725</u>

**H. 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, 2022 totaled \$2.9 million.

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

**For the Year Ended June 30, 2022**

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

**H. Commitments (Continued)**

Period Ending June 30	Principal Component	Interest Component	Total Lease Payment
2023	\$ 557,264	\$ 79,755	\$ 637,019
2024	577,507	59,512	637,019
2025	598,484	38,535	637,019
2026	620,223	16,796	637,019
	<u>\$ 2,353,478</u>	<u>\$ 194,598</u>	<u>\$ 2,548,076</u>

Encumbrances

Encumbrances represent commitments related to contracts not yet performed, and orders not yet filled and they are used to control expenditure commitments for the year and to enhance cash management. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under 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, 2022 was \$12.3 million. These amounts are reported as assigned fund balance in the governmental funds.

Encumbrances	June 30, 2022
General Fund	\$ 3,203,551
Special Revenue Grants	3,920,942
Special Revenue Gas Tax	125,000
Sanitation	960,416
Water	1,171,035
Sewer	355,275
Nonmajor Capital Project Funds	1,029,690
Nonmajor Enterprise Funds	64,246
Internal Services Funds	1,487,996
	<u>\$ 12,318,151</u>

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

**For the Year Ended June 30, 2022**

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**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; employer liability; 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. The City contracts with a Third Party Administrator, AdminSure, Inc. for all claims handling and administration of General Liability and Workers' Compensation programs. AdminSure claims adjusters estimate total losses for each claim and determines reserve requirements for the General Liability and Workers' Compensation claims as well as maintaining required reporting and on-going communication with risk pool personnel, excess and reinsurance carriers, City Attorney's staff, outside legal counsel and City Risk Management staff.

The City currently is a member of two risk pools regarding the general liability and workers' compensation excess coverage and reinsurance. The City is currently managing the remainder of general liability claims with dates of incident prior to July 1, 2019 under Big Independent Cities Excess Pool (BICEP), a public entity risk pool established to pool resources, share risks, and purchase excess insurance and reinsurance. The City's relationship with BICEP will continue until all claims in the relative period are resolved or otherwise transferred to another entity. Each BICEP member city assumes the first \$1 million of each occurrence as their self-insured retention (SIR) amount. In some previous plan years, all BICEP members share the risk for the first layer of claims between \$1 million to \$2 million. Reinsurance and excess insurance covers amounts from \$2 million to \$27 million maximum. The City is also currently managing the remainder of workers' compensation claims with dates of incident prior to July 1, 2019 under California State Association of Counties – Excess Insurance Authority (CSAC-EIA), now PRISM, for excess workers' compensation claims in excess of \$1 million per occurrence. The City's relationship with CSAC-EIA/PRISM will continue until all claims in the relative period are resolved or otherwise transferred to another entity.

Effective July 1, 2019, the City was accepted as a member of Independent Cities Risk Management Authority (ICRMA), a qualified risk pool, currently with 14 other southern California cities, for both general liability and workers' compensation excess coverage and reinsurance for all claims with dates of incident of July 1, 2019 going forward. Under these programs, the City is permissibly self-insured for workers' compensation claims up to \$2 million each occurrence with Statutory Coverage. ICRMA also provides numerous other risk control services for member cities.

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, benefits and liabilities are reported in accordance with each applicable Memoranda of Coverage and associated reporting procedures with BICEP, CSAC-EIA/PRISM and ICRMA, 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, 2022, 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

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

**For the Year Ended June 30, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED)**

**A Risk Management (Continued)**

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, 2022.

Changes in the balances of claims liabilities since July 1, 2020 resulted from the following:

	<u>Workers Compensation</u>	<u>General Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2020	\$ 27,144,063	\$ 13,975,822	\$ 41,119,885
Claims and Changes in Estimate	13,351,076	6,561,157	19,912,233
Claims Payments	<u>(3,342,246)</u>	<u>(2,431,720)</u>	<u>(5,773,966)</u>
Unpaid Claims - June 30, 2021	37,152,893	18,105,259	55,258,152
Less Discount Taken	<u>(4,050,116)</u>	<u>(433,158)</u>	<u>(4,483,274)</u>
Net Unpaid Claims - June 30, 2021	<u>\$ 33,102,777</u>	<u>\$ 17,672,101</u>	<u>\$ 50,774,878</u>

	<u>Workers Compensation</u>	<u>General Liability</u>	<u>Total</u>
Net Unpaid Claims - July 1, 2021	\$ 33,102,777	\$ 17,672,101	\$ 50,774,878
Claims and Changes in Estimate	6,480,266	7,228,155	13,708,421
Claims Payments	<u>(2,673,020)</u>	<u>(5,381,195)</u>	<u>(8,054,215)</u>
Unpaid Claims - June 30, 2022	36,910,023	19,519,061	56,429,084
Less Discount Taken	<u>(4,010,149)</u>	<u>(457,855)</u>	<u>(4,468,004)</u>
Net Unpaid Claims - June 30, 2022	<u>\$ 32,899,874</u>	<u>\$ 19,061,206</u>	<u>\$ 51,961,080</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 \$52.0 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.

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

**For the Year Ended June 30, 2022**

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**NOTE 4. OTHER INFORMATION (CONTINUED):**

**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, 2022 and where the amount of loss could be reasonably estimated, the obligation has been accrued as an expense of the City's self-insurance program (see Note 4A).

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

**D Joint Venture**

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, 2022**

**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. PEPRM 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.

The Plan's provisions and benefits in effect at the measurement date ended June 30, 2021, are summarized as follows:

	<b>Miscellaneous</b>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	January 1, 2013	January 1, 2013
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)	12.072%	12.072%
Required employer contribution (Unfunded Liability)	\$ 22,612,766	Included in Tier 1

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

**For the Year Ended June 30, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**E. Defined Benefit Pension Plan (Continued)**

	<b>Safety</b>	
	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)	23.581%	23.581%
Required employer contribution (Unfunded Liability)	\$ 25,351,433	Included in Tier 1

Employees Covered

At the measurement date ended June 30, 2021, 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	1,557	970
Inactive employees entitled to but not yet receiving benefits	911	160
Active employees	758	351
Total	<u>3,226</u>	<u>1,481</u>

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.



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

**For the Year Ended June 30, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**E. Defined Benefit Pension Plan (Continued)**

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 2021-22, 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 2021-22, the Employer Normal Cost Rate was 22.93% for safety employees and 11.90% for non-safety employees. The City's total employer contributions based on the rates were \$12.0 million for safety employees and \$8.6 million for non-safety employees. The City also contributed Employer Payment of Unfunded Liability of \$278.2 million for safety employees and \$196.4 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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
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 Increases	(3)	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

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

**For the Year Ended June 30, 2022**

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**NOTE 4. OTHER INFORMATION (CONTINUED):**

**E. Defined Benefit Pension Plan (Continued)**

Change of Assumptions

There were no changes of assumptions in fiscal year 2021-22.

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.

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.

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

**For the Year Ended June 30, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**E. Defined Benefit Pension Plan (Continued)**

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 ACFR, 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

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021. On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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, 2022**

**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)
<b>Balance at June 30, 2020 (VD) <sup>(1)</sup></b>	\$ 959,618,904	\$ 662,237,579	\$ 297,381,325
<b>Changes in the year:</b>			
Service cost	12,289,589	-	12,289,589
Interest on the total pension liability	67,697,532	-	67,697,532
Differences between expected and actual experience	6,495,016	-	6,495,016
Changes in assumptions	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution from the employer	-	30,811,367	(30,811,367)
Contribution from the employees	-	5,303,654	(5,303,654)
Net investment income	-	149,879,386	(149,879,386)
Benefit payments, including refunds of employee contributions	(50,880,185)	(50,880,185)	-
Administrative expense	-	(661,535)	661,535
Other Miscellaneous Income/(Expense)	-	-	-
<b>Net changes during 2020-21</b>	<b>\$ 35,601,952</b>	<b>\$ 134,452,687</b>	<b>\$ (98,850,735)</b>
<b>Balance at June 30, 2021 (MD) (1)</b>	<b>\$ 995,220,856</b>	<b>\$ 796,690,266</b>	<b>\$ 198,530,590</b>

**Safety Plan:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2020 (VD) <sup>(1)</sup></b>	\$ 1,196,859,214	\$ 793,480,127	\$ 403,379,087
<b>Changes in the year:</b>			
Service cost	15,315,133	-	15,315,133
Interest on the total pension liability	84,643,047	-	84,643,047
Differences between expected and actual experience	14,791,099	-	14,791,099
Changes in assumptions	-	-	-
Plan to plan Resource Movement	-	-	-
Contribution from the employer	-	37,372,233	(37,372,233)
Contribution from the employees	-	5,660,954	(5,660,954)
Net investment income	-	177,678,941	(177,678,941)
Benefit payments, including refunds of employee contributions	(70,978,097)	(70,978,097)	-
Administrative expense	-	(792,638)	792,638
Other Miscellaneous Income/(Expense)	-	-	-
<b>Net changes during 2020-21</b>	<b>\$ 43,771,182</b>	<b>\$ 148,941,393</b>	<b>\$ (105,170,211)</b>
<b>Balance at June 30, 2021 (MD) (1)</b>	<b>\$ 1,240,630,396</b>	<b>\$ 942,421,520</b>	<b>\$ 298,208,876</b>

<sup>(1)</sup> The table above is based on the Valuation Date (VD) June 30, 2020 and the Measurement Date (MD) of June 30, 2021.

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

**For the Year Ended June 30, 2022**

**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:

Plan	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
Miscellaneous	326,302,117	198,530,590	92,763,412
Safety	454,965,116	298,208,876	168,804,135

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, 2022, the City recognized pension expense of \$21.3 million for safety plan and \$9.3 million for non-safety employees. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Miscellaneous Plan:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 205,053,940	\$ -
Differences between expected and actual experience	3,962,713	-
Net differences between projected and actual earnings on pension plan investments	-	74,471,165
Changes in proportionate share	8,798,786	8,798,786
Total	\$ 217,815,439	\$ 83,269,951

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

**For the Year Ended June 30, 2022**

**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	\$ 290,202,816	\$ -
Differences between expected and actual experience	9,803,523	-
Net differences between projected and actual earnings on pension plan investments	-	88,156,554
Total	\$ 300,006,339	\$ 88,156,554

The \$495.3 million reported as 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, 2023. 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
2023	\$ (15,880,921)	\$ (15,884,907)	\$ (31,765,828)
2024	(16,109,036)	(16,919,993)	(33,029,029)
2025	(17,880,802)	(21,133,393)	(39,014,195)
2026	(20,637,693)	(24,414,738)	(45,052,431)
2027	-	-	-
Thereafter	-	-	-

e. Payable to the Pension Plan:

As of June 30, 2022, the City had \$1.3 million of contributions payable to the pension plan required for the year ended June 30, 2022.

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

**For the Year Ended June 30, 2022**

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**NOTE 4. OTHER INFORMATION (CONTINUED):**

**F. Supplementary Retirement Plan**

a. Plan Description:

On April 18, 2011, the City adopted a resolution authorizing the implementation of a Public Agency Retirement Services (PARS) for twenty-five (25) Police Officer's Association (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. This plan is closed to new participants and the twenty-five retirees are inactive employees (or their beneficiaries) currently receiving benefits.

b. Eligibility:

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

c. Funding Policy:

The City has made available an 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 2021-22, the City's annual PARS contribution was \$141,716.

d. Net Pension liability:

The City's net pension liability for the supplementary plan is measured as the total pension liability, less the pension plan's fiduciary net position (unfunded accrued liability). The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2022. 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, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**F. Supplementary Retirement Plan (Continued)**

Actuarial Assumptions

The actuarial assumptions for the Supplementary Retirement Plan for twenty-five (25) 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	6/30/2022
Measurement Date	6/30/2022
Actuarial Cost Method	Entry-Age Normal
Amortization Method:	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 06/30/2022	10 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 2030 using Scale BB (as prescribed by PARS) Females: RP-2000 Female Table projected to 2030 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, 2022, 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, 2022**

**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, 2022, 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 increased from 2.14% as of June 30, 2021 to 3.54% as of June 30, 2022 resulting in an increase in the single equivalent rate from 2.14% as of June 30, 2021 to 3.54% as of June 30, 2022.

The unfunded liability, referred to as the Net Pension Liability, is \$2.2 million for a funded ratio of 3.61% as of June 30, 2022.

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%	0.21%	0.20%
Assumed Inflation- Mean			2.35%	2.35%
Assumed Inflation - Standard Deviation			1.25%	1.25%
Portfolio Real Mean Return			0.21%	0.20%
Portfolio Nominal Mean Return			2.57%	2.56%
Portfolio Standard Deviation				1.10%
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, 2022**

**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, 2021	\$ 2,627,740	\$ 75,605	\$ 2,552,135
Service cost	-	-	-
Interest on total pension liability	54,881	-	54,881
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	22,232	-	22,232
Effect of assumptions changes or inputs	(281,709)	-	(281,709)
Benefit payments	(127,079)	(127,079)	-
Employer contributions	-	141,716	(141,716)
Member contributions	-	-	-
Net investment income	-	115	(115)
Administrative expenses	-	(7,549)	7,549
Balances at June 30, 2022	<u>\$ 2,296,065</u>	<u>\$ 82,808</u>	<u>\$ 2,213,257</u>

Sensitivity Analysis

The following presents the net pension liability of the City of Santa Ana PARS Supplementary Retirement Plan, calculated using the discount rate of 3.54%, 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 (2.54%) or 1 percentage point higher (4.54%) than the current rate.

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Net pension liability	\$ 2,495,101	\$ 2,213,257	\$ 1,977,663

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

For the year ended June 30, 2022, the City recognized pension income of \$0.1 million. As of June 30, 2022, the deferred inflows and outflows of resources were as follows:

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

**For the Year Ended June 30, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**F. Supplementary Retirement Plan (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	\$ <u>8,061</u>	\$ <u>-</u>
Total	\$ <u><u>8,061</u></u>	\$ <u><u>-</u></u>

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

Period Ending June 30	Deferred Outflows(inflows) of Resources
2023	\$ 2,908
2024	2,436
2025	1,790
2026	927
2027	-

The following is a summary of the City's total fiscal year 2021-22 deferred amounts on pension plans, net pension liability, and pension expense:

Plan	Government- wide	Fiduciary Funds	Total
<u>Deferred outflows on pension plans</u>			
- CalPERS	\$ 517,671,137	\$ 150,641	\$ 517,821,778
- Supplementary Retirement Plan	8,061	-	8,061
Total	<u>517,679,198</u>	<u>150,641</u>	<u>517,829,839</u>
 <u>Deferred inflows on pension plans</u>			
- CalPERS	\$ 171,039,882	\$ 386,623	\$ 171,426,505
 <u>Net pension liability:</u>			
- CalPERS	496,596,383	143,083	496,739,466
- Supplementary Retirement Plan	2,213,257	-	2,213,257
Total	<u>\$ 498,809,640</u>	<u>\$ 143,083</u>	<u>\$ 498,952,723</u>

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

**For the Year Ended June 30, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**F. Supplementary Retirement Plan (Continued)**

Plan	Pension Expense
Defined Benefit Pension Plan:	
- Miscellaneous	\$ 9,288,996
- Safety	21,251,246
Supplementary Retirement Plan	(198,263)
Total \$	30,341,979

The City's net pension liability is primarily comprised of two numbers: the net liability of \$496.7 million with CalPERS at June 30, 2021 and the \$425.8 million of outstanding pension obligation bonds at June 30, 2022. The pension obligation bonds were issued in September 2021 and the proceeds of those bonds were used to reduce the net liability with CalPERS. In August 2023, the City will receive the updated CalPERS net liability at June 30, 2022, reflecting receipt of the bond proceeds in September 2021. Due to the delay in receiving updated information from CalPERS, the net pension liability on the City's financial statements at June 30, 2022 is overstated. This overstatement will be corrected with the financial statements at June 30, 2023, when the updated CalPERS net pension liability reflects receipt of the bond proceeds.

**G. Section 457 Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to full-time City employees, permits them to defer a portion of their salaries until future years. The plan assets are under the participants control and are principally invested in demand deposits and mutual funds and are held in a trust for the exclusive benefit of the participants and their beneficiaries. The assets are not the property of the City and, as such, are not subject to the claims of the City's general creditors. As a result, these assets are not reported in the financial statements.

The City provides a defined contribution plan to the City Manager. Section 2.2.8 of the City Manager's employment contract dated March 19, 2019 requires the City to provide a Section 457 deferred compensation program for the City Manager to pay the maximum IRC 457 (b) normal contribution limit per year into such program for the City Manager's benefit. The annual contribution is evenly divided over each pay period. The City's contribution for the fiscal year ended June 30, 2022 was \$20,000. The term of the employment contract automatically renews on April 30 of each year to maintain a term of three years. On April 30, 2022, the contract automatically renewed to April 30, 2025.

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

**For the Year Ended June 30, 2022**

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**NOTE 4. OTHER INFORMATION (CONTINUED):**

**H. 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 represented 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 for all Classic Members and PEPRSA Safety member and age 52 for PEPRSA Miscellaneous members with at least 5 years of CalPERS service credit or an approved disability retirement, and are eligible for a PERS pension.

c. Funding Method and Funded Status:

The City initially selected "unequal" PEMHCA method for the contribution. Under this method, the City offered a lesser contribution for retirees than for active employees. 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 increased 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 continued until December 31, 2018 when the City contribution for retirees equaled the City contribution paid for active employees. The City began contributing the equal method for both active and retired members on January 1, 2019. The City paid \$149 for calendar year 2022 per active safety & miscellaneous employee and retirees for PEMHCA minimum. The CalPERS Board of Administration approves the employer contribution rate and plan changes annually based on Government Code section 22892. During the fiscal year 2021-22 (measurement period 2020-21), the total City's PEMHCA benefit payment was \$0.8 million and the implicit subsidy was \$1.0 million for a total of \$1.7 million.

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

**For the Year Ended June 30, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**H. Other Post-Employment Benefits (OPEB) Plan (Continued)**

d. Employees Covered

As of the June 30, 2021 measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees currently receiving benefits	434
Inactives entitled to but not yet receiving benefits	26
Active employees	568
Total	1,028

e. Total OPEB Liability

The City's total OPEB liability of \$54.7 million was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2021 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, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.18%
Inflation	2.50%
Projected Salary Increase	2.75% per annum, in aggregate
Healthcare Cost Trend Rates	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare - 5.65% (Non-Kaiser) and 4.60% (Kaiser) for 2023, decreasing to an ultimate rate of 3.75% in 2076
Pre-retirement Turnover	Derived from CalPERS pension plan
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

Demographic actuarial assumptions used in this valuation are based on the California Public Employees Retirement System (CalPERS) 2000-2019 Experience Study.

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

**For the Year Ended June 30, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**H. Other Post-Employment Benefits (OPEB) Plan (Continued)**

Change of Assumptions

Changes of assumptions since June 30, 2020 measurement date included updated discount rate based on municipal bond rate as of the measurement date, reduction of inflation rate by 25 basis point, removal of implied subsidy from Medicare Advantage plans, decreased medical trend rate for Kaiser Senior Advantage, and updated experience study and mortality improvement scale.

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 2.66% as of June 30, 2020 and 2.18% as of June 30, 2021.

Changes in Total OPEB Liability

The changes in total OPEB liability are as follows:

		<u>Total OPEB Liability</u>
Balance at June 30, 2021 <sup>(1)</sup>	\$	55,400,734
Changes in the Year:		
Service cost		1,854,139
Interest on the total OPEB liability		1,501,484
Changes of assumptions		(5,287,167)
Benefit payments		<u>(1,616,248)</u>
Net Changes		<u>(651,245)</u>
Balance at June 30, 2022 <sup>(1)</sup>	\$	<u><u>54,749,489</u></u>

(1) The table above is based on the Valuation Date of June 30, 2021 and the Measurement Date of June 30, 2021

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

**For the Year Ended June 30, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**H. Other Post-Employment Benefits (OPEB) Plan (Continued)**

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	1.18%	2.18%	3.18%
Total OPEB Liability	\$ 64,306,731	\$ 54,749,489	\$ 47,173,105

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:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 46,607,830	\$ 54,749,489	\$ 65,145,911

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$2,131,157. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Contributions made subsequent to measurement date	\$ 1,748,465	\$	-
Change of assumptions	477,364		6,914,091
Difference between expected and actual experience	2,784,807		-
Total	<u>\$ 5,010,636</u>	\$	<u>6,914,091</u>



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

**For the Year Ended June 30, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**H. Other Post-Employment Benefits (OPEB) Plan (Continued)**

\$1,748,465 reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023. Other 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 Fiscal Year Ending June 30	Deferred Outflows (inflows) of Resources
2023	\$ (1,089,117)
2024	(1,200,067)
2025	(662,355)
2026	(370,641)
2027	(329,740)
Thereafter	-

The following is a summary of the City's total fiscal year 2021-22 deferred amounts on OPEB plan, and net OPEB liability:

Plan	Government- wide	Fiduciary Funds	Total
Deferred outflows on OPEB plan	\$ 4,993,066	\$ 17,570	\$ 5,010,636
Deferred inflows on OPEB plan	6,889,852	24,239	6,914,091
Net OPEB liability	54,557,539	191,950	54,749,489

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

**For the Year Ended June 30, 2022**

**NOTE 4. OTHER INFORMATION (CONTINUED):**

**I. Classification of Fund Balances**

The City's fund balances at June 30, 2022 consisted of the following:

	Special Revenue Funds								Total
	General	Special Revenue Grants	Special Revenue Housing Authority	Special Revenue American Rescue Plan Act	Special Revenue Gas Tax	Capital Projects Street Construction	Debt Service POB	Nonmajor Governmental Funds	
<b>Nonspendable:</b>									
Prepaid Items	\$ -	\$ 265,421	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265,421
<b>Total Nonspendable</b>	-	265,421	-	-	-	-	-	-	265,421
<b>Restricted:</b>									
Public works streetlight project	1,268,870	-	-	-	-	-	-	-	1,268,870
Public safety grants	-	2,719,921	-	-	-	-	-	-	2,719,921
Housing & urban development	-	6,097,582	5,473,726	-	-	-	-	48,585,923	60,157,231
Recreation services	-	542,384	-	-	-	-	-	-	542,384
Library services	-	44,171	-	-	-	-	-	-	44,171
Street capital improvement projects	-	-	-	-	25,203,184	41,906,111	-	-	67,109,295
Drainage construction	-	-	-	-	-	-	-	3,777,571	3,777,571
Inmate welfare	-	-	-	-	-	-	-	1,811,407	1,811,407
Sewer system maintenance	-	-	-	-	-	-	-	7,644,013	7,644,013
Air quality improvements	-	-	-	-	-	-	-	1,678,310	1,678,310
Park acquisition & development	-	-	-	-	-	-	-	21,617,187	21,617,187
Community development capital projects	-	-	-	-	-	-	-	1,336,719	1,336,719
Debt service	-	-	-	-	-	-	-	82,833	82,833
Capital grants	-	-	-	-	-	-	11,216	17,215	28,431
Pension stability funds	523,156	-	-	-	-	-	-	-	523,156
<b>Total restricted</b>	1,792,026	9,404,058	5,473,726	-	25,203,184	41,906,111	11,216	86,551,178	170,341,499
<b>Assigned:</b>									
Contractual obligations	3,203,552	-	-	-	-	-	-	-	3,203,552
City Services	1,723,211	-	-	-	-	-	-	-	1,723,211
City Public Safety & Community Benefit Programs	2,277,288	-	-	-	-	-	-	-	2,277,288
Fire Facilities Fund	2,560,965	-	-	-	-	-	-	-	2,560,965
Cable TV (PEG)	1,783,304	-	-	-	-	-	-	-	1,783,304
Continuing projects:									
City Facility Improvements	9,747,800	-	-	-	-	-	-	-	9,747,800
Community & Business Assistance Programs	1,475,500	-	-	-	-	-	-	-	1,475,500
Library Supplies and Equipment	612,700	-	-	-	-	-	-	-	612,700
Parks & Recreation Facilities Improvements	2,581,427	-	-	-	-	-	-	-	2,581,427
Police Facilities and Equipment	2,291,000	-	-	-	-	-	-	-	2,291,000
Public Works Street Projects and Equipment	3,319,600	-	-	-	-	-	-	-	3,319,600
Technology improvements and upgrades	664,700	-	-	-	-	-	-	-	664,700
Treasury administration & system upgrades	208,000	-	-	-	-	-	-	-	208,000
Cannabis Public Benefit	22,956,897	-	-	-	-	-	-	-	22,956,897
<b>Total assigned</b>	55,405,944	-	-	-	-	-	-	-	55,405,944
<b>Unassigned:</b>									
General Fund									
Operating Reserve	70,769,673	-	-	-	-	-	-	-	70,769,673
Unallocated Amount	42,760,391	-	-	-	-	-	-	-	42,760,391
Special Revenue Funds	-	(3,014,409)	-	(3,851,483)	-	-	-	(275,076)	(7,140,968)
Capital Projects Funds	-	-	-	-	-	-	-	(10,149,925)	(10,149,925)
<b>Total unassigned</b>	113,530,064	(3,014,409)	-	(3,851,483)	-	-	-	(10,425,001)	96,239,171
<b>Total</b>	\$ 170,728,034	\$ 6,655,070	\$ 5,473,726	\$ (3,851,483)	\$ 25,203,184	\$ 41,906,111	\$ 11,216	\$ 76,126,177	\$ 322,252,035

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

**For the Year Ended June 30, 2022**

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**NOTE 4. OTHER INFORMATION (CONTINUED):**

**I. Classification of Fund Balances (Continued)**

On March 16, 2021, the City Council approved the City's Budget and Reserve Policy (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 a General Fund Operating Reserve (minimum of 18% of annual recurring General Fund revenue). A documented plan to replenish the Operating Reserve must accompany any City Council authorized use of the Operating Reserve. A plan for replenishment may include reduction of expenditures, one-time money, favorable budget variances and/or new revenue sources.



CITY OF SANTA ANA, CALIFORNIA  
Annual  
Comprehensive Financial  
Report

CITY OF SANTA ANA, CALIFORNIA

# **Required Supplementary Information**

Required Supplementary  
Information



**General Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 165,341,040	\$ 169,688,340	\$ 178,633,537	\$ 8,945,197
License and permits	5,791,470	6,041,470	6,840,367	798,897
Intergovernmental	122,006,900	149,030,600	152,228,176	3,197,576
Charges for services	17,892,900	20,540,909	20,890,365	349,456
Fines and forfeits	5,468,000	5,468,000	6,470,702	1,002,702
Investment income	360,000	360,000	(8,672,887)	(9,032,887)
Cost recoveries and donations	12,391,210	12,391,210	14,372,311	1,981,101
Rental income	17,265,020	17,265,020	18,807,405	1,542,385
Miscellaneous	373,880	1,172,080	228,006	(944,074)
Total revenues	346,890,420	381,957,629	389,797,982	7,840,353
Expenditures:				
Current:				
General Government:				
City Council	569,280	779,280	528,335	250,945
Clerk of the Council	1,470,790	1,600,770	1,097,509	503,261
City Attorney	3,674,080	3,551,260	2,865,097	686,163
City Manager	3,024,200	3,024,200	2,374,959	649,241
Nondepartmental	48,569,680	44,270,217	44,070,956	199,261
Total General Government	57,308,030	53,225,727	50,936,856	2,288,871
Human Resources	3,455,190	3,455,190	2,978,080	477,110
Finance and Management Services	10,334,780	10,372,280	9,424,178	948,102
Museum	1,474,030	1,474,030	1,473,170	860
Library	6,405,550	6,952,513	5,918,914	1,033,599
Recreation and Community Services	27,009,010	28,460,515	24,709,961	3,750,554
Police Department	142,485,940	142,545,140	140,218,773	2,326,367
Fire and ambulance services	52,338,500	53,388,500	51,176,055	2,212,445
Planning and Building	19,865,960	20,729,441	15,759,791	4,969,650
Public Works	13,650,050	18,764,033	14,963,210	3,800,823
Community Development	4,007,130	6,334,243	3,789,048	2,545,195
Total	281,026,140	292,475,885	270,411,180	22,064,705
Capital Outlay	8,589,710	36,753,031	2,896,677	33,856,354
Debt Service:				
Principal retirement	2,821,630	2,021,630	1,679,876	341,754
Interest and fiscal charges	138,700	138,700	317,734	(179,034)
Leases:				
Principal	-	-	124,585	(124,585)
Interest	-	-	83,993	(83,993)
Total expenditures	349,884,210	384,614,973	326,450,901	58,164,072
Excess (deficiency) of revenues over (under) expenditures	(2,993,790)	(2,657,344)	63,347,081	66,004,425
Other financing sources (uses):				
Transfers in	-	6,141	38,922	32,781
Transfers out	(11,394,890)	(27,112,236)	(27,114,184)	(1,948)
Lease arrangement	-	-	495,484	495,484
Sale of capital assets	-	-	238,070	238,070
Total other financing sources (uses)	(11,394,890)	(27,106,095)	(26,341,708)	764,387
Net change in fund balances	(14,388,680)	(29,763,439)	37,005,373	66,768,812
Fund balance - beginning	133,722,661	133,722,661	133,722,661	-
Fund balance - ending	\$ 119,333,981	\$ 103,959,222	\$ 170,728,034	\$ 66,768,812

See accompanying Notes to Required Supplementary Information.

**Special Revenue Housing Authority Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 49,755,040	\$ 51,662,668	\$ 46,914,777	\$ (4,747,891)
Investment income	39,000	39,000	20,637	(18,363)
Cost recoveries	56,000	56,000	74,414	18,414
Miscellaneous	90,000	90,000	216,874	126,874
Total revenues	49,940,040	51,847,668	47,226,702	(4,620,966)
<b>Expenditures:</b>				
Current:				
Community development	49,433,990	52,004,758	46,615,686	5,389,072
Total expenditures	49,433,990	52,004,758	46,615,686	5,389,072
Excess (deficiency) of revenues over (under) expenditures	506,050	(157,090)	611,016	768,106
<b>Other financing sources (uses):</b>				
Transfers out	-	(24,010)	(24,009)	1
Total other financing sources (uses)	-	(24,010)	(24,009)	1
Net change in fund balance	506,050	(181,100)	587,007	768,107
Fund balance - beginning	4,886,719	4,886,719	4,886,719	-
Fund balance - ending	\$ 5,392,769	\$ 4,705,619	\$ 5,473,726	\$ 768,107

See accompanying Notes to Required Supplementary Information.



**NONMAJOR SPECIAL REVENUE FUNDS**

**Special Revenue American Rescue Plan Act  
Budgetary Comparison Schedule  
Year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 1,235,000	\$ 12,233,442	\$ 10,998,442
Investment income	-	-	(3,994,857)	(3,994,857)
Miscellaneous	-	117,675	116,836	(839)
Total revenues	-	1,352,675	8,355,421	7,002,746
<b>Expenditures:</b>				
Current:				
General government	-	4,700,000	469,785	4,230,215
Human resources	-	200,000	60,896	139,104
Finance and management services	-	1,515,000	503,933	1,011,067
Library	-	9,000,000	333,266	8,666,734
Recreation and community services	-	13,967,675	1,110,009	12,857,666
Police department	-	500,000	79,798	420,202
Information technology	-	5,500,000	155,408	5,344,592
Planning and building	-	1,000,000	42,811	957,189
Public works	-	14,750,000	887,055	13,862,945
Community development	-	12,900,000	7,791,943	5,108,057
Capital Outlay	-	-	798,538	(798,538)
Total expenditures	-	64,032,675	12,233,442	51,799,233
Excess (deficiency) of revenues over (under) expenditures	-	(62,680,000)	(3,878,021)	58,801,979
Net change in fund balance	-	(62,680,000)	(3,878,021)	58,801,979
Fund balance - beginning	-	-	26,538	26,538
Fund balance - ending	\$ -	\$ (62,680,000)	\$ (3,851,483)	\$ 58,828,517

See accompanying Notes to Required Supplementary Information.

**Special Revenue Gas Tax Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 14,490,130	\$ 15,502,101	\$ 14,224,205	\$ (1,277,896)
Investment income	-	-	(1,666,015)	(1,666,015)
Total revenues	<u>14,490,130</u>	<u>15,502,101</u>	<u>12,558,190</u>	<u>(2,943,911)</u>
<b>Expenditures:</b>				
Current:				
Public works	6,565,710	8,815,468	7,561,148	1,254,320
Capital Outlay	-	4,000,000	-	4,000,000
Debt Service:				
Principal retirement	1,345,000	1,345,000	1,345,000	-
Interest and fiscal charges	1,898,400	1,898,400	1,898,400	-
Total expenditures	<u>9,809,110</u>	<u>16,058,868</u>	<u>10,804,548</u>	<u>5,254,320</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,681,020</u>	<u>(556,767)</u>	<u>1,753,642</u>	<u>2,310,409</u>
<b>Other financing uses:</b>				
Transfers out	<u>(8,125,560)</u>	<u>(25,161,670)</u>	<u>(4,856,125)</u>	<u>20,305,545</u>
Total other financing uses	<u>(8,125,560)</u>	<u>(25,161,670)</u>	<u>(4,856,125)</u>	<u>20,305,545</u>
Net change in fund balance	(3,444,540)	(25,718,437)	(3,102,483)	22,615,954
Fund balance - beginning	<u>28,305,667</u>	<u>28,305,667</u>	<u>28,305,667</u>	<u>-</u>
Fund balance - ending	<u>\$ 24,861,127</u>	<u>\$ 2,587,230</u>	<u>\$ 25,203,184</u>	<u>\$ 22,615,954</u>

See accompanying Notes to Required Supplementary Information.



CITY OF SANTA ANA, CALIFORNIA  
Annual  
Comprehensive Financial  
Report

**CITY OF SANTA ANA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2022**

**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 Housing Authority, American Rescue Plan Act (ARPA), Gas Tax, 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 Civic Center Maintenance, Gas Tax and Sewer Connection Fee funds. 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. The City Manager's Office is responsible for ARPA. 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, 2022**

**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, 2022**

**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 <sup>(1)</sup>**

Fiscal year ended Measurement period	June 30, 2022		June 30, 2021		June 30, 2020	
	June 30, 2021		June 30, 2020		June 30, 2019	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
<b>TOTAL PENSION LIABILITY</b>						
Service cost	\$ 12,289,589	\$ 15,315,133	\$ 11,318,820	\$ 13,297,013	\$ 11,557,539	\$ 13,194,125
Interest on the total pension liability	67,697,532	84,643,047	65,271,458	81,740,251	63,170,975	79,725,420
Changes of Benefit Terms	-	-	-	-	-	-
Differences between expected and actual experience	6,495,016	14,791,099	1,913,494	3,506,542	1,887,415	12,947,427
Changes in assumptions	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(50,880,185)	(70,978,097)	(48,398,964)	(69,499,682)	(45,891,602)	(67,096,452)
Net Change in Total Pension Liability	35,601,952	43,771,182	30,104,808	29,044,124	30,724,327	38,770,520
Total Pension Liability - Beginning	959,618,904	1,196,859,214	929,514,096	1,167,815,090	898,789,769	1,129,044,570
Total Pension Liability - Ending (a)	\$ 995,220,856	\$ 1,240,630,396	\$ 959,618,904	\$ 1,196,859,214	\$ 929,514,096	\$ 1,167,815,090
<b>PLAN FIDUCIARY NET POSITION</b>						
Contribution from the employer	\$ 30,811,367	\$ 37,372,233	\$ 28,544,599	\$ 33,643,966	\$ 23,585,463	\$ 27,159,274
Contribution from the employee	5,303,654	5,660,954	5,560,258	5,008,789	4,649,932	3,973,090
Net investment income	149,879,386	177,678,941	31,736,275	38,593,656	40,383,805	49,864,238
Benefit payments, including refunds of employee contributions	(50,880,185)	(70,978,097)	(48,398,964)	(69,499,682)	(45,891,602)	(67,096,452)
Net Plan to Plan Resource Movement	-	-	-	-	-	-
Administrative expenses	(661,535)	(792,638)	(910,287)	(1,109,255)	(444,887)	(551,981)
Other Miscellaneous Income/(Expense)	-	-	-	-	1,444	1,796
Net change in Fiduciary Net position	134,452,687	148,941,393	16,531,881	6,637,474	22,284,155	13,349,965
Plan Fiduciary Net Position - Beginning	662,237,579	793,480,127	645,705,698	786,842,653	623,421,543	773,492,688
Plan Fiduciary Net Position - Ending (b)	\$ 796,690,266	\$ 942,421,520	\$ 662,237,579	\$ 793,480,127	\$ 645,705,698	\$ 786,842,653
Plan Net Pension Liability/(Asset) Ending (a) - (b)	\$ 198,530,590	\$ 298,208,876	\$ 297,381,325	\$ 403,379,087	\$ 283,808,398	\$ 380,972,437
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.05%	75.96%	69.01%	66.30%	69.47%	67.38%
Covered payroll	\$ 68,085,845	\$ 50,955,466	\$ 64,563,229	\$ 47,789,799	\$ 59,686,019	\$ 41,120,637
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	291.59%	585.23%	460.60%	844.07%	475.50%	926.48%

(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 seven 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, 2022**

**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 <sup>(1)</sup>**

June 30, 2019		June 30, 2018		June 30, 2017		June 30, 2016		June 30, 2015	
June 30, 2018		June 30, 2017		June 30, 2016		June 30, 2015		June 30, 2014	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
11,348,737	\$ 12,192,473	\$ 11,036,864	\$ 11,809,664	\$ 9,746,396	\$ 10,455,350	\$ 9,672,344	\$ 10,747,904	\$ 10,195,939	\$ 11,422,391
61,037,490	77,086,590	59,176,108	75,330,724	58,091,618	74,975,420	56,329,663	72,730,571	54,166,684	70,618,409
-	-	-	-	-	-	-	-	-	-
1,935,068	4,973,371	(10,220,370)	(12,297,897)	(5,558,589)	4,319,662	(900,398)	(955,751)	-	-
(4,549,188)	(4,470,521)	49,432,900	60,902,020	-	-	(13,889,017)	(17,407,256)	-	-
(43,186,575)	(64,544,773)	(40,256,356)	(62,009,422)	(38,594,541)	(60,403,213)	(36,302,165)	(56,211,627)	(34,094,639)	(52,174,231)
26,585,532	25,237,140	69,169,146	73,735,089	23,684,884	29,347,219	14,910,427	8,903,841	30,267,984	29,866,569
872,204,237	1,103,807,430	803,035,091	1,030,072,341	779,350,207	1,000,725,122	764,439,780	991,821,281	734,171,796	961,954,712
898,789,769	\$ 1,129,044,570	\$ 872,204,237	\$ 1,103,807,430	\$ 803,035,091	\$ 1,030,072,341	\$ 779,350,207	\$ 1,000,725,122	\$ 764,439,780	\$ 991,821,281
21,163,207	\$ 24,277,484	\$ 18,415,225	\$ 20,329,015	\$ 16,951,369	\$ 17,021,875	\$ 14,336,768	\$ 15,096,410	\$ 12,836,905	\$ 11,118,596
5,111,516	4,155,374	4,850,487	3,670,011	4,876,243	3,625,596	4,982,824	3,829,695	5,076,392	3,758,344
49,494,120	61,839,581	60,753,784	77,563,585	2,859,074	3,667,781	12,722,834	17,008,914	85,824,721	117,187,596
(43,186,575)	(64,544,773)	(40,256,356)	(62,009,422)	(38,594,541)	(60,403,213)	(36,302,165)	(56,211,627)	(34,094,639)	(52,174,231)
(1,444)	(1,796.00)	-	-	497	(497)	63	-	-	-
(924,871)	(1,170,514)	(812,882)	(1,052,193)	(344,230)	(456,601)	(635,613)	(843,530)	-	-
(1,756,345)	(2,222,827)	-	-	-	-	-	-	-	-
29,899,608	22,332,529	42,950,258	38,500,996	(14,251,588)	(36,545,059)	(4,895,289)	(21,120,138)	69,643,379	79,890,305
593,521,935	751,160,159	550,571,677	712,659,163	564,823,265	749,204,222	569,718,554	770,324,360	500,075,175	690,434,055
623,421,543	\$ 773,492,688	\$ 593,521,935	\$ 751,160,159	\$ 550,571,677	\$ 712,659,163	\$ 564,823,265	\$ 749,204,222	\$ 569,718,554	\$ 770,324,360
275,368,226	\$ 355,551,882	\$ 278,682,302	\$ 352,647,271	\$ 252,463,414	\$ 317,413,178	\$ 214,526,942	\$ 251,520,900	\$ 194,721,226	\$ 221,496,921
69.36%	68.51%	68.05%	68.05%	68.56%	69.19%	72.47%	74.87%	74.53%	77.67%
60,481,440	\$ 38,001,725	\$ 59,794,476	\$ 36,014,956	\$ 59,115,644	\$ 35,670,399	\$ 58,022,457	\$ 36,512,787	\$ 57,613,942	\$ 37,782,453
455.29%	935.62%	466.07%	979.17%	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.

From Fiscal Year June 30, 2019 to June 30, 2020:  
There were no significant changes of assumptions.

From Fiscal Year June 30, 2020 to June 30, 2021:  
There were no significant changes of assumptions.

From Fiscal Year June 30, 2021 to June 30, 2022:  
There were no significant changes of assumptions.

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

**For the Year Ended June 30, 2022**

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

Fiscal year ended	2022		2021		2020		2019	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Actuarially Determined Contributor Contributions in Relation to the Actuarially Determined Contribution	\$ 33,286,592	\$ 37,339,147	\$ 30,817,795	\$ 37,379,534	\$ 28,459,807	\$ 33,630,219	\$ 24,143,358	\$ 27,718,529
Contribution Deficiency (Excess)	<u>\$ (33,286,592)</u>	<u>\$ (37,339,147)</u>	<u>\$ (30,817,795)</u>	<u>\$ (37,379,534)</u>	<u>\$ (28,459,807)</u>	<u>\$ (33,630,219)</u>	<u>\$ (24,143,358)</u>	<u>\$ (27,718,529)</u>
Covered Payroll	\$ 72,831,624	\$ 52,421,641	\$ 68,085,845	\$ 50,955,466	\$ 64,563,229	\$ 47,789,799	\$ 59,686,019	\$ 41,120,637
Contributions as a Percentage of Covered Payroll	45.70%	71.23%	45.26%	73.36%	44.08%	70.37%	40.45%	67.41%

(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 seven years are shown.

**Notes to Schedule:**

Fiscal year ended	2022		2021		2020		2019	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Valuation Date	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Actuarial Assumptions:								
Discount Rate	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%
Inflation	2.5%	2.5%	2.625%	2.625%	2.63%	2.63%	2.75%	2.75%
Projected Salary Increase	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7% <sup>(3)</sup>	7% <sup>(3)</sup>	7.25% <sup>(3)</sup>	7.25% <sup>(3)</sup>	7.25% <sup>(3)</sup>	7.25% <sup>(3)</sup>	7.375% <sup>(3)</sup>	7.375% <sup>(3)</sup>
Mortality	(4)	(4)	(4)	(4)	(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, 2022**

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

2018		2017		2016		2015	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
\$ 21,182,283	\$ 24,212,791	\$ 18,407,185	\$ 20,199,997	\$ 16,941,372	\$ 17,016,579	\$ 14,518,009	\$ 14,690,045
<u>(21,182,283)</u>	<u>(24,212,791)</u>	<u>(18,407,185)</u>	<u>(20,199,997)</u>	<u>(16,941,372)</u>	<u>(17,016,579)</u>	<u>(14,518,009)</u>	<u>(14,690,045)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 60,481,440	\$ 38,001,725	\$ 59,794,476	\$ 36,014,956	\$ 59,115,644	\$ 35,670,399	\$ 58,022,457	\$ 36,512,787
35.02%	63.71%	30.78%	56.09%	28.66%	47.71%	25.02%	40.23%

**Notes to Schedule:**

2018		2017		2016		2015	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
June 30, 2015	June 30, 2015	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)	Entry-Age Normal Cost Method (1)	Entry-Age Normal Cost Method (1)
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
7.15%	7.15%	7.65%	7.65%	7.65%	7.65%	7.50%	7.50%
2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
(2)	(2)	(2)	(2)	3.3% - 24.2% <sup>(2)</sup>	3.3% - 24.2% <sup>(2)</sup>	Varies by Entry Age and Service	Varies by Entry Age and Service
7.5% <sup>(3)</sup>	7.5% <sup>(3)</sup>	7.5% <sup>(3)</sup>	7.5% <sup>(3)</sup>	7.5% <sup>(3)</sup>	7.5% <sup>(3)</sup>	7.5% <sup>(3)</sup>	7.5% <sup>(3)</sup>
(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)

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

**For the Year Ended June 30, 2022**

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

Fiscal year ended	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total Pension Liability</b>			
Service cost	\$ -	\$ -	\$ -
Interest on the total pension liability	54,881	57,246	81,361
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	22,232	20,620	(70,232)
Effect of assumptions changes or inputs	(281,709)	22,358	381,181
Benefit payments	<u>(127,079)</u>	<u>(125,012)</u>	<u>(127,739)</u>
Net Change in Total Pension Liability	(331,675)	(24,788)	264,571
Total Pension Liability - Beginning	<u>2,627,740</u>	<u>2,652,528</u>	<u>2,387,957</u>
Total Pension Liability - Ending (a)	\$ <u><u>2,296,065</u></u>	\$ <u><u>2,627,740</u></u>	\$ <u><u>2,652,528</u></u>
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	141,716	138,938	136,213
Member Contributions	-	-	-
Net investment income net of investment expenses	115	17	820
Benefit payments	(127,079)	(125,012)	(127,739)
Administrative expenses	<u>(7,549)</u>	<u>(7,401)</u>	<u>(7,256)</u>
Net change in Fiduciary Net position	7,203	6,542	2,038
Plan Fiduciary Net Position - Beginning	<u>75,605</u>	<u>69,063</u>	<u>67,025</u>
Plan Fiduciary Net Position - Ending (b)	\$ <u><u>82,808</u></u>	\$ <u><u>75,605</u></u>	\$ <u><u>69,063</u></u>
Plan Net Pension Liability/(Asset) Ending (a) - (b)	\$ <u><u>2,213,257</u></u>	\$ <u><u>2,552,135</u></u>	\$ <u><u>2,583,465</u></u>
Plan Fiduciary Net Position as a Percentage of the			
Total Pension Liability	3.61%	2.88%	2.60%
Covered Payroll	N/A	N/A	N/A
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A

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

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

**For the Year Ended June 30, 2022**

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

	2019	2018	2017	2016	2015
\$	-	-	-	-	-
	87,013	84,322	74,777	74,810	85,299
	-	-	-	-	-
	15,006	14,150	14,037	20,818	14,220
	100,758	(81,490)	(235,753)	558,088	118,428
	<u>(125,234)</u>	<u>(122,778)</u>	<u>(120,371)</u>	<u>(118,011)</u>	<u>(115,697)</u>
	77,543	(105,796)	(267,310)	535,705	102,250
	<u>2,310,414</u>	<u>2,416,210</u>	<u>2,683,520</u>	<u>2,147,815</u>	<u>2,045,565</u>
\$	<u>2,387,957</u>	<u>2,310,414</u>	<u>2,416,210</u>	<u>2,683,520</u>	<u>2,147,815</u>
	133,543	130,924	128,357	125,840	123,373
	-	-	-	-	-
	1,543	671	198	42	-
	(125,234)	(122,778)	(120,371)	(118,011)	(115,697)
	<u>(7,114)</u>	<u>(6,976)</u>	<u>(6,838)</u>	<u>(13,132)</u>	<u>(148)</u>
	2,738	1,841	1,346	(5,261)	7,528
	<u>64,287</u>	<u>62,446</u>	<u>61,100</u>	<u>66,361</u>	<u>58,833</u>
\$	<u>67,025</u>	<u>64,287</u>	<u>62,446</u>	<u>61,100</u>	<u>66,361</u>
\$	<u>2,320,932</u>	<u>2,246,127</u>	<u>2,353,764</u>	<u>2,622,420</u>	<u>2,081,454</u>
	2.81%	2.78%	2.58%	2.28%	3.09%
	N/A	N/A	N/A	N/A	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, 2022**

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

Fiscal Year ended June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
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
2020	188,446	136,213	52,233	N/A	N/A
2021	198,327	138,938	59,389	N/A	N/A
2022	217,689	141,716	75,973	N/A	N/A

**Notes to Supplementary Retirement Plan:**

Fiscal year ended	2022	2021	2020	2019	2018	2017	2016	2015
Valuation Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	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	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	Level dollar	Level dollar	Level dollar
Closed, open, or layered periods	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed
Amortization period	10 years	11 years	12 years	13 years	14 years	15 years	16 years	17 years
Amortization growth rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Valuation Method:								
Smoothing period	None	None	None	None	None	None	None	None
Recognition method	None	None	None	None	None	None	None	None
Corridor	None	None	None	None	None	None	None	None
Actuarial Assumptions								
Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Salary increases including inflati	None	None	None	None	None	None	None	None
Long-term investment rate of re	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Cost of Living	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Mortality	(A)	(B)	(B)	(B)	(B)	(B)	(B)	(C)

- (A) Males: RP-2000 Male Table projected to 2030 using Scale BB (as prescribed by PARS).  
Females: RP-2000 Female Table projected to 2030 using Scale BB (as prescribed by PARS).
- (B) 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).
- (C) 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, 2022**

**Schedule of Changes in the Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years <sup>(1) (2)</sup>**

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability:</b>					
Service cost	\$ 1,854,139	\$ 1,753,882	\$ 1,399,500	\$ 1,308,802	\$ 1,414,074
Interest on total OPEB liability	1,501,484	1,509,110	1,706,665	1,718,488	1,555,806
Actual vs. expected experience	2,896,547	-	872,243	-	-
Changes in assumptions	(5,287,167)	583,000	(5,711,635)	1,248,914	(3,589,376)
Benefit payments, including refunds of	(1,616,248)	(1,562,712)	(2,040,940)	(1,959,112)	(1,603,472)
Net Change in Total OPEB Liability	(651,245)	2,283,280	(3,774,167)	2,317,092	(2,222,968)
Total OPEB Liability - Beginning of Year	55,400,734	53,117,454	56,891,621	54,574,529	56,797,497
Total OPEB Liability - Ending (a)-(b)	<u>\$ 54,749,489</u>	<u>\$ 55,400,734</u>	<u>\$ 53,117,454</u>	<u>\$ 56,891,621</u>	<u>\$ 54,574,529</u>
Covered employee payroll	\$ 48,788,506	\$ 47,116,316	\$ 43,457,755	\$ 45,109,856	\$ 47,394,045
Total OPEB liability as percentage of covered payroll	112.22%	117.58%	122.23%	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 four years are shown.

(2) No assets are accumulated in a trust to pay related benefits.

**Notes to Schedule:**

Fiscal year ended	2022	2021	2020	2019	2018
Valuation Date	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Funding Method	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal
Discount Rate	2.18%	2.66%	2.79%	2.98%	3.13%
Participants Valued	(A)	(A)	(A)	(A)	(A)
Salary Increase	2.75% per year	3% per year	3% per year	3.25% per year	3.25% per year
Assumed Wage Inflation				3.0% per year	3.0% per year
General Inflation Rate	2.50% per year	2.75% per year	2.75% per year	2.75% per year	2.75% per year
Mortality	(B)	(C)	(C)	(D)	(D)

(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 California Public Employees Retirement System 2000-2019.

(C) Demographic assumptions are based on the California Public Employees Retirement System 1997-2015.

(D) 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 in Assumptions:**

From Fiscal Year June 30, 2019: The discount rate was changed from 2.98% to 2.79%.

From Fiscal Year June 30, 2019 to June 30, 2020: Update to CalPERS new demographic assumptions, Society of Actuaries new mortality projection, and new S&P municipal bond rate used as the discount rate (2.79%).

From Fiscal Year June 30, 2020 to June 30, 2021: The discount rate was changed from 2.79% to 2.66%.

From Fiscal Year June 30, 2021 to June 30, 2022: The discount rate was changed from 2.66% to 2.18%, decreased inflation rate from 2.75% to 2.50%, updated experience study to CalPERS 2000-2019, and mortality improvement scale was updated to Scale MP-2021.



CITY OF SANTA ANA, CALIFORNIA  
Annual  
Comprehensive Financial  
Report

CITY OF SANTA ANA, CALIFORNIA

# **Supplementary Schedules**





**Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2022**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>Assets</b>				
Cash and investments	\$ 11,974,351	\$ 82,830	\$ 47,848,687	\$ 59,905,868
Receivables:				
Interest	25,877	-	101,405	127,282
Accounts	38,272	-	-	38,272
Intergovernmental	744,102	-	14,168,814	14,912,916
Loans and notes	-	-	29,841,702	29,841,702
Restricted assets:				
Cash and investments	-	-	142,719	142,719
Cash and investments with fiscal agents	-	3	74,967	74,970
Land held for resale	-	-	75,000	75,000
<b>Total assets</b>	<b><u>12,782,602</u></b>	<b><u>82,833</u></b>	<b><u>92,253,294</u></b>	<b><u>105,118,729</u></b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable	751,305	-	3,126,169	3,877,474
Retention payable	228,747	-	552,252	780,999
Due to other funds	457,146	-	13,226,768	13,683,914
Unearned revenue	-	-	16,404	16,404
<b>Total liabilities</b>	<b><u>1,437,198</u></b>	<b><u>-</u></b>	<b><u>16,921,593</u></b>	<b><u>18,358,791</u></b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	486,750	-	10,147,011	10,633,761
<b>Fund balances:</b>				
Restricted	11,133,730	82,833	75,334,615	86,551,178
Unassigned	(275,076)	-	(10,149,925)	(10,425,001)
<b>Total fund balances</b>	<b><u>10,858,654</u></b>	<b><u>82,833</u></b>	<b><u>65,184,690</u></b>	<b><u>76,126,177</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 12,782,602</u></b>	<b><u>\$ 82,833</u></b>	<b><u>\$ 92,253,294</u></b>	<b><u>\$ 105,118,729</u></b>

**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2022**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 412,458	\$ 412,458
Intergovernmental	3,496,964	-	8,952,518	12,449,482
Investment income	96,993	21	(1,335,867)	(1,238,853)
Cost recoveries	527,890	-	13,692,608	14,220,498
Miscellaneous	-	-	865,826	865,826
Total revenues	<u>5,005,709</u>	<u>21</u>	<u>22,587,543</u>	<u>27,593,273</u>
<b>Expenditures:</b>				
Current:				
Human resources	101,014	-	-	101,014
Recreation and community services	2,142,275	-	66,821	2,209,096
Police department	1,846,143	-	-	1,846,143
Planning and building	247,918	-	-	247,918
Public works	2,647,605	-	608,228	3,255,833
Community development	-	-	1,687,709	1,687,709
Capital outlay	1,632,749	-	14,751,064	16,383,813
Debt Service:				
Principal retirement	-	8,430,000	-	8,430,000
Interest and fiscal charges	-	1,345,398	-	1,345,398
Total expenditures	<u>8,617,704</u>	<u>9,775,398</u>	<u>17,113,822</u>	<u>35,506,924</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,611,995)</u>	<u>(9,775,377)</u>	<u>5,473,721</u>	<u>(7,913,651)</u>
<b>Other financing sources:</b>				
Transfers in	600,000	9,778,260	-	10,378,260
Transfers out	(5,199)	-	(11,755)	(16,954)
Total other financing sources	<u>594,801</u>	<u>9,778,260</u>	<u>(11,755)</u>	<u>10,361,306</u>
Net change in fund balances	(3,017,194)	2,883	5,461,966	2,447,655
Fund balances - beginning	<u>13,875,848</u>	<u>79,950</u>	<u>59,722,724</u>	<u>73,678,522</u>
Fund balances - ending	<u>\$ 10,858,654</u>	<u>\$ 82,833</u>	<u>\$ 65,184,690</u>	<u>\$ 76,126,177</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, 2022**

	Sewer Connection Fee	Civic Center Maintenance
<b>Assets</b>		
Cash and investments	\$ 8,464,967	\$ -
Receivables:		
Interest	18,554	-
Accounts	-	-
Intergovernmental	-	635,116
 Total assets	<u>8,483,521</u>	<u>635,116</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>		
Liabilities:		
Accounts payable	603,143	85,907
Retention payable	228,747	-
Due to other funds	-	457,146
Total liabilities	<u>831,890</u>	<u>543,053</u>
Deferred inflows of resources:		
Unavailable revenues	<u>7,618</u>	<u>367,139</u>
Fund balances (deficit):		
Restricted	7,644,013	-
Unassigned	-	<u>(275,076)</u>
Total fund balances (deficit)	<u>7,644,013</u>	<u>(275,076)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,483,521</u>	<u>\$ 635,116</u>

**NONMAJOR SPECIAL REVENUE FUNDS**

	Air Quality Improvement	Total
Inmate Welfare		
\$ 1,833,124	\$ 1,676,260	\$ 11,974,351
3,844	3,479	25,877
38,272	-	38,272
-	108,986	744,102
1,875,240	1,788,725	12,782,602
62,255	-	751,305
-	-	228,747
-	-	457,146
62,255	-	1,437,198
1,578	110,415	486,750
1,811,407	1,678,310	11,133,730
-	-	(275,076)
1,811,407	1,678,310	10,858,654
\$ 1,875,240	\$ 1,788,725	\$ 12,782,602

**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2022**

	Sewer Connection Fee	Civic Center Maintenance	Inmate Welfare	Air Quality Improvement	Total
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ 3,177,708	\$ -	\$ 319,256	\$ 3,496,964
Charges for services	883,862	-	-	-	883,862
Investment income	71,692	-	12,954	12,347	96,993
Cost recoveries	-	-	527,725	165	527,890
Total revenues	<u>955,554</u>	<u>3,177,708</u>	<u>540,679</u>	<u>331,768</u>	<u>5,005,709</u>
<b>Expenditures:</b>					
Current:					
Human resources	-	-	-	101,014	101,014
Recreation and community services	-	2,142,275	-	-	2,142,275
Police department	-	1,585,553	260,590	-	1,846,143
Planning and building	-	-	-	247,918	247,918
Public works	2,627,113	-	-	20,492	2,647,605
Capital Outlay	<u>1,630,027</u>	<u>-</u>	<u>-</u>	<u>2,722</u>	<u>1,632,749</u>
Total expenditures	<u>4,257,140</u>	<u>3,727,828</u>	<u>260,590</u>	<u>372,146</u>	<u>8,617,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,301,586)</u>	<u>(550,120)</u>	<u>280,089</u>	<u>(40,378)</u>	<u>(3,611,995)</u>
<b>Other financing sources:</b>					
Transfers in	-	600,000	-	-	600,000
Transfers out	<u>-</u>	<u>(3,389)</u>	<u>-</u>	<u>(1,810)</u>	<u>(5,199)</u>
Total other financing sources	<u>-</u>	<u>596,611</u>	<u>-</u>	<u>(1,810)</u>	<u>594,801</u>
Net change in fund balances	(3,301,586)	46,491	280,089	(42,188)	(3,017,194)
Fund balances (deficit) - beginning	<u>10,945,599</u>	<u>(321,567)</u>	<u>1,531,318</u>	<u>1,720,498</u>	<u>13,875,848</u>
Fund balances (deficit) - ending	<u>\$ 7,644,013</u>	<u>\$ (275,076)</u>	<u>\$ 1,811,407</u>	<u>\$ 1,678,310</u>	<u>\$ 10,858,654</u>

**NONMAJOR SPECIAL REVENUE FUNDS**

**Nonmajor Special Revenue Funds  
Sewer Connection Fee  
Budgetary Comparison Schedule  
Year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 999,600	\$ 999,600	\$ 883,862	\$ (115,738)
Investment income	<u>100,000</u>	<u>100,000</u>	<u>71,692</u>	<u>(28,308)</u>
Total revenues	<u>1,099,600</u>	<u>1,099,600</u>	<u>955,554</u>	<u>(144,046)</u>
<b>Expenditures:</b>				
Current:				
Public works	-	-	2,627,113	(2,627,113)
Capital Outlay	<u>2,167,000</u>	<u>11,314,395</u>	<u>1,630,027</u>	<u>9,684,368</u>
Total expenditures	<u>2,167,000</u>	<u>11,314,395</u>	<u>4,257,140</u>	<u>7,057,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,067,400)</u>	<u>(10,214,795)</u>	<u>(3,301,586)</u>	<u>6,913,209</u>
Net change in fund balance	(1,067,400)	(10,214,795)	(3,301,586)	6,913,209
Fund balance - beginning	<u>10,945,599</u>	<u>10,945,599</u>	<u>10,945,599</u>	<u>-</u>
Fund balance - ending	<u>\$ 9,878,199</u>	<u>\$ 730,804</u>	<u>\$ 7,644,013</u>	<u>\$ 6,913,209</u>

**Nonmajor Special Revenue Funds**  
**Civic Center Maintenance**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 4,137,270	\$ 3,413,632	\$ 3,177,708	\$ (235,924)
Total revenues	4,137,270	3,413,632	3,177,708	(235,924)
<b>Expenditures:</b>				
Current:				
Recreation and community services	2,873,770	2,388,482	2,142,275	246,207
Police department	1,680,000	1,630,000	1,585,553	44,447
Total expenditures	4,553,770	4,018,482	3,727,828	290,654
Excess (deficiency) of revenues over (under) expenditures	(416,500)	(604,850)	(550,120)	54,730
<b>Other financing sources:</b>				
Transfers in	743,500	600,000	600,000	-
Transfers out	-	(3,389)	(3,389)	-
Total other financing sources	743,500	596,611	596,611	-
Net change in fund balance	327,000	(8,239)	46,491	54,730
Fund balance (deficit) - beginning	(321,567)	(321,567)	(321,567)	-
Fund balance (deficit) - ending	\$ 5,433	\$ (329,806)	\$ (275,076)	\$ 54,730



NONMAJOR SPECIAL REVENUE FUNDS

**Nonmajor Special Revenue Funds  
Inmate Welfare  
Budgetary Comparison Schedule  
Year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ 12,954	\$ -	\$ 12,954	\$ 12,954
Cost recoveries	<u>527,725</u>	<u>1,869,540</u>	<u>527,725</u>	<u>(1,341,815)</u>
Total revenues	<u>540,679</u>	<u>1,869,540</u>	<u>540,679</u>	<u>(1,328,861)</u>
<b>Expenditures:</b>				
Current:				
Police department	<u>260,590</u>	<u>1,869,540</u>	<u>260,590</u>	<u>1,608,950</u>
Total expenditures	<u>260,590</u>	<u>1,869,540</u>	<u>260,590</u>	<u>1,608,950</u>
Excess (deficiency) of revenues over (under) expenditures	<u>280,089</u>	<u>-</u>	<u>280,089</u>	<u>280,089</u>
Net change in fund balance	280,089	-	280,089	280,089
Fund balance - beginning	<u>1,531,318</u>	<u>1,531,318</u>	<u>1,531,318</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,811,407</u>	<u>\$ 1,531,318</u>	<u>\$ 1,811,407</u>	<u>\$ 280,089</u>

**Nonmajor Special Revenue Funds**  
**Air Quality Improvement**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 640,000	\$ 640,000	\$ 319,256	\$ (320,744)
Investment income	3,000	3,000	12,347	9,347
Cost recoveries	2,000	2,000	165	(1,835)
Total revenues	645,000	645,000	331,768	(313,232)
<b>Expenditures:</b>				
Current:				
Human resources	144,470	178,775	101,014	77,761
Planning and building	334,310	368,624	247,918	120,706
Public works	150,000	1,188,300	20,492	1,167,808
Capital Outlay	-	-	2,722	(2,722)
Total expenditures	628,780	1,735,699	372,146	1,363,553
Excess (deficiency) of revenues over (under) expenditures	16,220	(1,090,699)	(40,378)	1,050,321
<b>Other financing sources (uses):</b>				
Transfers out	-	(1,812)	(1,810)	2
Total other financing sources (uses)	-	(1,812)	(1,810)	2
Net change in fund balance	16,220	(1,092,511)	(42,188)	1,050,323
Fund balance - beginning	1,720,498	1,720,498	1,720,498	-
Fund balance (deficit) - ending	\$ 1,736,718	\$ 627,987	\$ 1,678,310	\$ 1,050,323

### **Nonmajor Debt Service Funds**

The following Debt Service Fund has been classified as nonmajor in the accompanying financial statements:

Santa Ana Financing Authority (SAFA) – This fund accounts for the receipts of revenues and payments of debt service related to the Police Administration and Holding Facility Lease Revenue Bonds and 2014 Private Placement Financing.

**Nonmajor Debt Service Funds  
Combining Balance Sheet  
June 30, 2022**

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	Debt Service SAFA
<b>Assets</b>	<hr/>
Cash and investments	\$ 82,830
Restricted assets:	
Cash and investments with fiscal agents	3
	<hr/>
Total assets	<u>82,833</u>
	<hr/>
<b>Liabilities, deferred inflows of resources, and fund balances</b>	
Fund balances (deficit):	
Restricted	<u>82,833</u>
	<hr/>
Total fund balances (deficit)	<u>82,833</u>
	<hr/>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 82,833</u>

**Nonmajor Debt Service Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2022**

---

	Debt Service SAFA
	<u>                    </u>
<b>Revenues:</b>	
Investment income	\$ <u>                    21</u>
Total revenues	<u>                    21</u>
<b>Expenditures:</b>	
Debt Service:	
Principal retirement	8,430,000
Interest and fiscal charges	<u>1,345,398</u>
Total expenditures	<u>9,775,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,775,377)</u>
<b>Other financing sources:</b>	
Transfers in	<u>9,778,260</u>
Total other financing sources	<u>9,778,260</u>
Net change in fund balances	2,883
Fund balances (deficit) - beginning	<u>79,950</u>
Fund balances (deficit) - ending	<u>\$ <u>82,833</u></u>



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## 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.

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

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, 2022**

	Capital Grants	Drainage Construction
<b>Assets</b>		
Cash and investments	\$ 33,597	\$ 3,775,421
Interest	37	7,860
Intergovernmental	13,989,926	-
Loans and notes	-	-
Cash and investments	-	-
Cash and investments with fiscal agents	-	-
Land held for resale	-	-
Total assets	<u>14,023,560</u>	<u>3,783,281</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>		
Liabilities:		
Accounts payable	746,968	-
Retention payable	239,629	2,482
Due to other funds	13,226,768	-
Unearned revenue	16,404	-
Total liabilities	<u>14,229,769</u>	<u>2,482</u>
Deferred inflows of resources:		
Unavailable revenues	<u>9,926,501</u>	<u>3,228</u>
Fund balances (deficit):		
Restricted	17,215	3,777,571
Unassigned	<u>(10,149,925)</u>	<u>-</u>
Total fund balances (deficit)	<u>(10,132,710)</u>	<u>3,777,571</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,023,560</u>	<u>\$ 3,783,281</u>



**NONMAJOR CAPITAL PROJECTS FUNDS**

Park Acquisitions & Development	Community Development	Housing Successor Agency	Inclusionary Housing Fee	Total
\$ 22,534,839	\$ 2,736,285	\$ 4,964,308	\$ 13,804,237	\$ 47,848,687
49,706	1,451	10,452	31,899	101,405
-	178,888	-	-	14,168,814
-	-	22,284,000	7,557,702	29,841,702
-	142,719	-	-	142,719
-	-	74,967	-	74,967
-	-	75,000	-	75,000
22,584,545	3,059,343	27,408,727	21,393,838	92,253,294
858,769	1,321,180	158,011	41,241	3,126,169
88,180	221,961	-	-	552,252
-	-	-	-	13,226,768
-	-	-	-	16,404
946,949	1,543,141	158,011	41,241	16,921,593
20,409	179,483	4,292	13,098	10,147,011
21,617,187	1,336,719	27,246,424	21,339,499	75,334,615
-	-	-	-	(10,149,925)
21,617,187	1,336,719	27,246,424	21,339,499	65,184,690
\$ 22,584,545	\$ 3,059,343	\$ 27,408,727	\$ 21,393,838	\$ 92,253,294

**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2022**

	Capital Grants	Drainage Construction
<b>Revenues:</b>		
Taxes	\$ -	\$ 412,458
Intergovernmental	7,664,518	-
Investment income	129	27,088
Cost recoveries	-	-
Miscellaneous	-	-
Total revenues	<u>7,664,647</u>	<u>439,546</u>
<b>Expenditures:</b>		
Current:		
Recreation and community services	-	-
Public Works	607,610	618
Community development	-	-
Capital outlay	<u>7,552,290</u>	<u>167,346</u>
Total expenditures	<u>8,159,900</u>	<u>167,964</u>
Net change in fund balances	<u>(495,253)</u>	<u>271,582</u>
<b>Other financing sources (uses):</b>		
Transfers out	<u>(6,141)</u>	<u>-</u>
Total other financing sources (uses)	<u>(6,141)</u>	<u>-</u>
Net change in fund balances	(501,394)	271,582
Fund balances (deficit) - beginning	<u>(9,631,316)</u>	<u>3,505,989</u>
Fund balances (deficit) - ending	<u><u>\$ (10,132,710)</u></u>	<u><u>\$ 3,777,571</u></u>

**NONMAJOR CAPITAL PROJECTS FUNDS**

Park Acquisitions & Development	Community Development	Housing Successor Agency	Inclusionary Housing Fee	Total
\$ -	\$ -	\$ -	\$ -	412,458
-	1,288,000	-	-	8,952,518
(814,968)	15,794	380,286	(944,196)	(1,335,867)
6,734,512	-	-	6,958,096	13,692,608
-	-	865,826	-	865,826
<u>5,919,544</u>	<u>1,303,794</u>	<u>1,246,112</u>	<u>6,013,900</u>	<u>22,587,543</u>
66,821	-	-	-	66,821
-	-	-	-	608,228
-	178,887	414,298	1,094,524	1,687,709
<u>2,737,049</u>	<u>4,294,379</u>	<u>-</u>	<u>-</u>	<u>14,751,064</u>
<u>2,803,870</u>	<u>4,473,266</u>	<u>414,298</u>	<u>1,094,524</u>	<u>17,113,822</u>
<u>3,115,674</u>	<u>(3,169,472)</u>	<u>831,814</u>	<u>4,919,376</u>	<u>5,473,721</u>
-	-	(3,094)	(2,520)	(11,755)
-	-	(3,094)	(2,520)	(11,755)
3,115,674	(3,169,472)	828,720	4,916,856	5,461,966
<u>18,501,513</u>	<u>4,506,191</u>	<u>26,417,704</u>	<u>16,422,643</u>	<u>59,722,724</u>
<u>\$ 21,617,187</u>	<u>\$ 1,336,719</u>	<u>\$ 27,246,424</u>	<u>\$ 21,339,499</u>	<u>\$ 65,184,690</u>



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## Nonmajor Enterprise Funds

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

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

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

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

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

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, 2022**

	Refuse Collections	Sanitation
<b>Assets:</b>		
Current assets:		
Cash and investments	\$ 4,625,201	\$ 6,674,488
Receivables:		
Interest	10,513	15,584
Accounts, net of allowances	2,665,493	956,615
Leases	-	-
Total current assets	<u>7,301,207</u>	<u>7,646,687</u>
Noncurrent assets:		
Capital assets, not being depreciated	-	477,988
Capital assets, being depreciated, net of	13,926	2,895,433
Total noncurrent assets	<u>13,926</u>	<u>3,373,421</u>
Total assets	<u>7,315,133</u>	<u>11,020,108</u>
<b>Deferred outflows of resources:</b>		
Deferred amounts on pension plans	891,090	3,184,628
Deferred amounts on OPEB plan	38,643	185,599
Total deferred outflows of resources	<u>929,733</u>	<u>3,370,227</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	95,859	800,369
Retention payable	-	-
Compensated absences payable	21,271	87,230
Total OPEB liability	16,467	79,091
Interest payable	6,276	28,265
Deposits payable	-	-
Pension obligation bonds payable	8,245	37,133
Total current liabilities	<u>148,118</u>	<u>1,032,088</u>
Noncurrent liabilities:		
Compensated absences payable	63,814	261,690
Net pension liability	671,620	3,024,860
Total OPEB liability	405,770	1,948,886
Pension obligation bonds payable	574,469	2,587,310
Total noncurrent liabilities	<u>1,715,673</u>	<u>7,822,746</u>
Total liabilities	<u>1,863,791</u>	<u>8,854,834</u>
<b>Deferred inflows of resources:</b>		
Deferred amounts on pension plans	251,932	3,377,795
Deferred amounts on OPEB plan	53,322	256,106
Deferred amounts on leases	-	-
Total deferred inflow of resources	<u>305,254</u>	<u>3,633,901</u>
<b>Net position:</b>		
Net investment in capital assets	13,926	3,373,421
Restricted for:		
National Pollution Discharge Elimination System	-	-
Unrestricted	6,061,895	(1,471,821)
Total net position	<u>\$ 6,075,821</u>	<u>\$ 1,901,600</u>

**NONMAJOR ENTERPRISE FUNDS**

Parking	Transportation Center	Federal Clean Water Protection	Total
\$ 1,160,979	\$ 415,222	\$ 4,670,765	\$ 17,546,655
2,501	1,048	9,905	39,551
7,066	-	195,064	3,824,238
-	483,356	-	483,356
<u>1,170,546</u>	<u>899,626</u>	<u>4,875,734</u>	<u>21,893,800</u>
3,591,049	3,792,491	597,795	8,459,323
7,790,736	3,132,074	8,281,263	22,113,432
<u>11,381,785</u>	<u>6,924,565</u>	<u>8,879,058</u>	<u>30,572,755</u>
<u>12,552,331</u>	<u>7,824,191</u>	<u>13,754,792</u>	<u>52,466,555</u>
1,532,565	261,421	1,090,537	6,960,241
40,432	3,671	41,366	309,711
<u>1,572,997</u>	<u>265,092</u>	<u>1,131,903</u>	<u>7,269,952</u>
64,639	44,617	80,341	1,085,825
-	-	28,027	28,027
31,924	13,276	3,187	156,888
17,230	1,565	17,628	131,981
13,602	1,345	9,679	59,167
-	38,698	-	38,698
17,870	1,767	12,716	77,731
<u>145,265</u>	<u>101,268</u>	<u>151,578</u>	<u>1,578,317</u>
95,773	39,828	9,560	470,665
1,455,679	143,954	1,035,827	6,331,940
424,558	38,563	434,367	3,252,144
<u>1,245,112</u>	<u>123,131</u>	<u>885,993</u>	<u>5,416,015</u>
<u>3,221,122</u>	<u>345,476</u>	<u>2,365,747</u>	<u>15,470,764</u>
<u>3,366,387</u>	<u>446,744</u>	<u>2,517,325</u>	<u>17,049,081</u>
717,517	53,999	1,007,629	5,408,872
55,793	5,067	57,081	427,369
-	463,987	-	463,987
<u>773,310</u>	<u>523,053</u>	<u>1,064,710</u>	<u>6,300,228</u>
11,381,785	6,924,565	8,851,031	30,544,728
-	-	2,453,629	2,453,629
(1,396,154)	194,921	-	3,388,841
<u>\$ 9,985,631</u>	<u>\$ 7,119,486</u>	<u>\$ 11,304,660</u>	<u>\$ 36,387,198</u>

**Nonmajor Enterprise Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Year ended June 30, 2022**

	<u>Refuse Collections</u>	<u>Sanitation</u>
Operating revenues:		
Charges for services	\$ 13,360,592	\$ 5,801,320
Lease revenues	-	-
Miscellaneous	-	-
Total operating revenues	<u>13,360,592</u>	<u>5,801,320</u>
Operating expenses:		
Personnel services	888,979	133,366
Contractual services	11,578,699	1,277,586
Materials and supplies	30,317	377,222
Administrative charges	986,080	1,491,274
Depreciation	3,214	194,705
Total operating expenses	<u>13,487,289</u>	<u>3,474,153</u>
Operating income (loss)	<u>(126,697)</u>	<u>2,327,167</u>
Nonoperating revenues (expenses):		
Intergovernmental	125,394	-
Investment earnings	42,862	57,412
Interest expense	<u>(13,891)</u>	<u>(62,564)</u>
Total nonoperating revenues (expenses)	<u>154,365</u>	<u>(5,152)</u>
Income (loss) before transfers and capital contributions	<u>27,668</u>	<u>2,322,015</u>
Transfers in	-	200,000
Transfers out	<u>(1,152,477)</u>	<u>(3,943)</u>
Change in net position	<u>(1,124,809)</u>	<u>2,518,072</u>
Net position - beginning	<u>7,200,630</u>	<u>(616,472)</u>
Net position - ending	<u>\$ 6,075,821</u>	<u>\$ 1,901,600</u>



**NONMAJOR ENTERPRISE FUND**

<u>Parking</u>	<u>Transportation Center</u>	<u>Federal Clean Water Protection</u>	<u>Total</u>
\$ 3,453,466	\$ 534,999	\$ 1,024,432	\$ 24,174,809
-	18,098	-	18,098
279,212	2,699	-	281,911
<u>3,732,678</u>	<u>555,796</u>	<u>1,024,432</u>	<u>24,474,818</u>
817,756	200,549	(30,541)	2,010,109
2,064,174	1,073,314	2,288,082	18,281,855
33,478	54,201	17,045	512,263
302,089	131,695	352,279	3,263,417
403,539	430,262	485,710	1,517,430
<u>3,621,036</u>	<u>1,890,021</u>	<u>3,112,575</u>	<u>25,585,074</u>
111,642	(1,334,225)	(2,088,143)	(1,110,256)
-	-	-	125,394
7,117	3,717	37,717	148,825
<u>(30,108)</u>	<u>(2,977)</u>	<u>(21,424)</u>	<u>(130,964)</u>
<u>(22,991)</u>	<u>740</u>	<u>16,293</u>	<u>143,255</u>
<u>88,651</u>	<u>(1,333,485)</u>	<u>(2,071,850)</u>	<u>(967,001)</u>
789,000	2,981,870	2,792,210	6,763,080
<u>(451)</u>	<u>-</u>	<u>(200,000)</u>	<u>(1,356,871)</u>
<u>877,200</u>	<u>1,648,385</u>	<u>520,360</u>	<u>4,439,208</u>
<u>9,108,431</u>	<u>5,471,101</u>	<u>10,784,300</u>	<u>31,947,990</u>
<u>\$ 9,985,631</u>	<u>\$ 7,119,486</u>	<u>\$ 11,304,660</u>	<u>\$ 36,387,198</u>

**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**Year ended June 30, 2022**

	Refuse Collections	Sanitation
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 13,396,350	\$ 5,772,315
Receipts from other operating sources	-	-
Payments to suppliers for goods and services	(12,551,356)	(2,506,087)
Payments to employees	(785,512)	(2,045,126)
Net cash provided (used) by operating activities	<u>59,482</u>	<u>1,221,102</u>
<b>Cash flows from noncapital financing activities:</b>		
Intergovernment contribution	125,394	-
Transfer in	-	200,000
Transfer out	(1,152,477)	(3,943)
Interest Paid	(7,615)	(34,299)
Payment of interfund balances	-	-
Net cash provided (used) by noncapital financing activities	<u>(1,034,698)</u>	<u>161,758</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	-	(1,748,696)
Net cash used by capital and related financing activities	<u>-</u>	<u>(1,748,696)</u>
<b>Cash flows from investing activities:</b>		
Interest received	<u>40,851</u>	<u>52,264</u>
Net cash provided by investing activities	<u>40,851</u>	<u>52,264</u>
Net increase (decrease) in cash and cash equivalents	(934,365)	(313,572)
Cash and cash equivalents - beginning	<u>5,559,566</u>	<u>6,988,060</u>
Cash and cash equivalents - ending	<u>\$ 4,625,201</u>	<u>\$ 6,674,488</u>

**NONMAJOR ENTERPRISE FUNDS**

<u>Parking</u>	<u>Transportation Center</u>	<u>Federal Clean Water Protection</u>	<u>Total</u>
\$ 3,614,338	\$ 561,426	\$ 1,047,029	\$ 24,391,458
279,212	2,699	-	281,911
(2,439,282)	(1,248,071)	(2,747,891)	(21,492,687)
<u>(1,079,381)</u>	<u>(131,624)</u>	<u>(515,323)</u>	<u>(4,556,966)</u>
374,887	(815,570)	(2,216,185)	(1,376,284)
-	-	-	125,394
789,000	2,981,870	2,792,210	6,763,080
(451)	-	(200,000)	(1,356,871)
(16,506)	(3,087)	(11,745)	(73,252)
<u>-</u>	<u>(1,750,660)</u>	<u>-</u>	<u>(1,750,660)</u>
772,043	1,228,123	2,580,465	3,707,691
-	-	(396,931)	(2,145,627)
-	-	(396,931)	(2,145,627)
4,628	2,669	34,687	135,099
4,628	2,669	34,687	135,099
1,151,558	415,222	2,036	320,879
9,421	-	4,668,729	17,225,776
<u>\$ 1,160,979</u>	<u>\$ 415,222</u>	<u>\$ 4,670,765</u>	<u>\$ 17,546,655</u>

*Continued*

**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**Year ended June 30, 2022**

	Refuse Collections	Sanitation
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (126,697)	\$ 2,327,167
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	3,214	194,705
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	35,758	(29,005)
Increase (decrease) in leases receivable	-	-
Decrease (increase) in deferred outflows from pension	(809,466)	(2,053,969)
Decrease (increase) in deferred outflows from OPEB	(15,697)	(75,387)
Increase (decrease) in accounts payable	43,740	639,995
Increase (decrease) in compensated absences payable	38,781	(12,768)
Increase (decrease) in deposits payable	-	-
Increase (decrease) in pension obligation bonds payable	582,714	2,624,443
Increase (decrease) in net pension liability	26,717	(5,908,691)
Increase (decrease) in total OPEB liability	4,664	22,400
Increase (decrease) in deferred inflows from pension	251,932	3,377,795
Increase (decrease) in deferred inflows from OPEB	23,822	114,417
Increase (decrease) in deferred inflows from leases	-	-
Net cash provided (used) by operating activities	<u>\$ 59,482</u>	<u>\$ 1,221,102</u>

**NONMAJOR ENTERPRISE FUNDS**

Parking	Transportation Center	Federal Clean Water Protection	Total
\$ 111,642	\$ (1,334,225)	\$ (2,088,143)	\$ (1,110,256)
403,539	430,262	485,710	1,517,430
160,872	-	22,597	190,222
-	(483,356)	-	(483,356)
(1,214,007)	(261,421)	(740,384)	(5,079,247)
(16,422)	(1,491)	(16,802)	(125,799)
(39,541)	11,139	(90,485)	564,848
19,846	4,824	5,299	55,982
-	27,698	-	27,698
1,262,982.00	124,898	898,709	5,493,746
(1,061,346)	143,954	(1,730,808)	(8,530,174)
4,880	1,898	4,992	38,834
717,517	53,999	1,007,629	5,408,872
24,925	2,264	25,501	190,929
-	463,987	-	463,987
\$ 374,887	\$ (815,570)	\$ (2,216,185)	\$ (1,376,284)



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## Internal Service Funds

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

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

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

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

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, 2022**

	Central Services	Building Maintenance
<b>Assets:</b>		
Current assets:		
Cash and investments	\$ 125,014	\$ 2,558,250
Receivables:		
Interest	272	6,520
Due from other funds	-	-
Inventory of supplies	15,339	-
Total current assets	<u>140,625</u>	<u>2,564,770</u>
Noncurrent assets:		
Advances to other funds	-	-
Restricted cash and investments	-	-
Capital assets, not being depreciated	-	-
Capital assets, being depreciated, net of	25,959	-
Total noncurrent assets	<u>25,959</u>	<u>-</u>
Total assets	<u>166,584</u>	<u>2,564,770</u>
<b>Deferred outflows of resources:</b>		
Deferred amounts on pension plans	270,130	4,312,501
Deferred amounts on OPEB plan	17,782	98,914
Total deferred outflows of resources	<u>287,912</u>	<u>4,411,415</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	2,537	160,075
Due to other funds	-	-
Compensated absences payable	14,377	63,541
Total OPEB liability	7,578	42,152
Interest payable	2,397	34,938
Claims payable	-	-
Pension obligation bond payable	3,150	45,900
Total current liabilities	<u>30,039</u>	<u>346,606</u>
Noncurrent liabilities:		
Compensated absences payable	43,131	190,624
Claims payable	-	-
Net pension liability	256,579	3,739,052
Total OPEB liability	186,725	1,038,658
Pension obligation bond payable	219,464	3,198,193
Total noncurrent liabilities	<u>705,899</u>	<u>8,166,527</u>
Total liabilities	<u>735,938</u>	<u>8,513,133</u>
<b>Deferred inflows of resources:</b>		
Deferred amounts on pension plans	251,837	1,402,562
Deferred amounts on OPEB plan	24,537	136,491
Total deferred inflows of resources	<u>276,374</u>	<u>1,539,053</u>
<b>Net position:</b>		
Net investment in capital assets	25,959	-
Unrestricted	(583,775)	(3,076,001)
Total net position (deficit)	<u>\$ (557,816)</u>	<u>\$ (3,076,001)</u>



INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 10,158,236	\$ -	\$ 18,694,106	\$ 13,247,907	\$ -	\$ 2,791,783
21,032	-	65,747	28,005	-	4,784
-	-	14,104,613	-	-	-
25,879	555,898	-	-	-	-
<u>10,205,147</u>	<u>555,898</u>	<u>32,864,466</u>	<u>13,275,912</u>	<u>-</u>	<u>2,796,567</u>
-	-	876,000	-	-	-
-	-	312,196	-	-	-
671,302	-	1,053,573	-	-	-
2,576,806	-	-	223,603	136,070	210,072
<u>3,248,108</u>	<u>-</u>	<u>2,241,769</u>	<u>223,603</u>	<u>136,070</u>	<u>210,072</u>
<u>13,453,255</u>	<u>555,898</u>	<u>35,106,235</u>	<u>13,499,515</u>	<u>136,070</u>	<u>3,006,639</u>
4,250,676	722,930	4,138,507	4,982,238	49,296	13,273,387
135,071	13,417	95,592	109,858	3,340	360,786
<u>4,385,747</u>	<u>736,347</u>	<u>4,234,099</u>	<u>5,092,096</u>	<u>52,636</u>	<u>13,634,173</u>
850,277	151,534	1,015,129	412,652	-	9,467
-	365,946	-	-	54,753	-
74,470	1,583	49,309	125,463	-	358,781
57,560	5,718	40,734	46,815	1,423	153,744
37,726	5,294	36,659	44,219	438	117,805
-	-	9,600,000	-	-	-
49,563	6,955	48,161	58,093	575	154,768
<u>1,069,596</u>	<u>537,030</u>	<u>10,789,992</u>	<u>687,242</u>	<u>57,189</u>	<u>794,565</u>
223,412	4,748	147,927	376,390	-	1,076,344
-	-	42,361,080	-	-	-
4,037,425	566,568	6,136,482	4,732,286	46,822	12,607,482
1,418,326	140,902	1,003,740	1,153,560	35,076	3,788,408
3,453,406	484,614	3,355,726	4,047,755	40,050	10,783,792
<u>9,132,569</u>	<u>1,196,832</u>	<u>53,004,955</u>	<u>10,309,991</u>	<u>121,948</u>	<u>28,256,026</u>
<u>10,202,165</u>	<u>1,733,862</u>	<u>63,794,947</u>	<u>10,997,233</u>	<u>179,137</u>	<u>29,050,591</u>
3,082,512	212,526	2,426,433	2,500,420	23,844	6,028,270
186,385	18,516	131,902	151,590	4,608	497,839
<u>3,268,897</u>	<u>231,042</u>	<u>2,558,335</u>	<u>2,652,010</u>	<u>28,452</u>	<u>6,526,109</u>
3,248,108	-	1,053,573	223,603	136,070	210,072
1,119,832	(672,659)	(28,066,521)	4,718,765	(154,953)	(19,145,960)
<u>\$ 4,367,940</u>	<u>\$ (672,659)</u>	<u>\$ (27,012,948)</u>	<u>\$ 4,942,368</u>	<u>\$ (18,883)</u>	<u>\$ (18,935,888)</u>

Continued

**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2022**

Page 3 of 3

	Quality Service Training	Total
<b>Assets:</b>		
Current assets:		
Cash and investments	\$ 375,463	\$ 47,950,759
Receivables:		
Interest	-	126,360
Due from other funds	-	14,104,613
Inventory of supplies	-	597,116
Total current assets	<u>375,463</u>	<u>62,778,848</u>
Noncurrent assets:		
Advances to other funds	-	876,000
Restricted cash and investments	-	312,196
Capital assets, not being depreciated	-	1,724,875
Capital assets, being depreciated, net of	-	3,172,510
Total noncurrent assets	<u>-</u>	<u>6,085,581</u>
Total assets	<u>375,463</u>	<u>68,864,429</u>
<b>Deferred outflows of resources:</b>		
Deferred amounts on pension plans	-	31,999,665
Deferred amounts on OPEB plan	-	834,760
Total deferred outflows of resources	<u>-</u>	<u>32,834,425</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	79,537	2,681,208
Due to other funds	-	420,699
Compensated absences payable	-	687,524
Total OPEB liability	-	355,724
Interest payable	-	279,476
Claims payable	-	9,600,000
Pension obligation bond payable	-	367,165
Total current liabilities	<u>79,537</u>	<u>14,391,796</u>
Noncurrent liabilities:		
Compensated absences payable	-	2,062,576
Claims payable	-	42,361,080
Net pension liability	-	32,122,696
Total OPEB liability	-	8,765,395
Pension obligation bond payable	-	25,583,000
Total noncurrent liabilities	<u>-</u>	<u>110,894,747</u>
Total liabilities	<u>79,537</u>	<u>125,286,543</u>
<b>Deferred inflows of resources:</b>		
Deferred amounts on pension plans	-	15,928,404
Deferred amounts on OPEB plan	-	1,151,868
Total deferred inflows of resources	<u>-</u>	<u>17,080,272</u>
<b>Net position:</b>		
Net investment in capital assets	-	4,897,385
Unrestricted	295,926	(45,565,346)
Total net position (deficit)	<u>\$ 295,926</u>	<u>\$ (40,667,961)</u>



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**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Year ended June 30, 2022**

	Central Services	Building Maintenance
Operating revenues:		
Charges for services	\$ 489,169	\$ 4,623,060
Miscellaneous	-	2,203
Total operating revenues	<u>489,169</u>	<u>4,625,263</u>
Operating expenses:		
Personnel services	106,901	2,130,928
Contractual services	34,190	2,654,002
Materials and supplies	227,403	133,008
Administrative charges	177,588	715,910
Insurance	-	-
Provision for self-insured losses	-	-
Depreciation	6,064	-
Total operating expenses	<u>552,146</u>	<u>5,633,848</u>
Operating income (loss)	<u>(62,977)</u>	<u>(1,008,585)</u>
Nonoperating revenues (expenses):		
Net decrease in the fair value of investment	-	-
Investment earnings	656	18,407
Interest expense	(5,307)	(77,336)
Gain (loss) on disposal of capital assets	-	-
Total nonoperating revenues (expenses)	<u>(4,651)</u>	<u>(58,929)</u>
Income (loss) before transfers	(67,628)	(1,067,514)
Transfers in	426,000	2,500,000
Transfers out	-	-
Change in net position	<u>358,372</u>	<u>1,432,486</u>
Net position (deficit) - beginning	<u>(916,188)</u>	<u>(4,508,487)</u>
Net position (deficit) - ending	<u>\$ (557,816)</u>	<u>\$ (3,076,001)</u>

**INTERNAL SERVICE FUNDS**

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Equipment Maintenance and Replacement	Stores & Property Control	Self Insurance	Information and Communications Services	City Yard Operations	Engineering and Administrative Services
\$ 7,357,873	\$ 2,426,590	\$ 47,010,604	\$ 8,396,018	\$ 1,256,103	\$ 15,418,980
45,595	3,804	105,325	-	-	6,250
<u>7,403,468</u>	<u>2,430,394</u>	<u>47,115,929</u>	<u>8,396,018</u>	<u>1,256,103</u>	<u>15,425,230</u>
1,471,171	254,351	-	2,093,965	68,530	6,209,774
490,085	48,448	-	4,073,525	318,307	1,442,993
1,079,515	2,161,431	-	822,346	18,678	108,570
1,552,557	353,095	4,281,714	648,521	996,561	3,492,107
-	-	34,889,968	-	-	-
-	-	11,949,372	-	-	-
917,706	-	-	557,885	6,403	24,958
<u>5,511,034</u>	<u>2,817,325</u>	<u>51,121,054</u>	<u>8,196,242</u>	<u>1,408,479</u>	<u>11,278,402</u>
<u>1,892,434</u>	<u>(386,931)</u>	<u>(4,005,125)</u>	<u>199,776</u>	<u>(152,376)</u>	<u>4,146,828</u>
-	-	(1,096,624)	(26,532)	-	-
66,676	-	231,936	104,399	589	7,818
(83,507)	(11,718)	(81,145)	(97,879)	(968)	(260,764)
72,745	23,456	-	-	-	-
<u>55,914</u>	<u>11,738</u>	<u>(945,833)</u>	<u>(20,012)</u>	<u>(379)</u>	<u>(252,946)</u>
1,948,348	(375,193)	(4,950,958)	179,764	(152,755)	3,893,882
1,500,000	-	4,900,000	-	-	-
(3,605)	-	-	-	-	(212,795)
<u>3,444,743</u>	<u>(375,193)</u>	<u>(50,958)</u>	<u>179,764</u>	<u>(152,755)</u>	<u>3,681,087</u>
<u>923,197</u>	<u>(297,466)</u>	<u>(26,961,990)</u>	<u>4,762,604</u>	<u>133,872</u>	<u>(22,616,975)</u>
<u>\$ 4,367,940</u>	<u>\$ (672,659)</u>	<u>\$ (27,012,948)</u>	<u>\$ 4,942,368</u>	<u>\$ (18,883)</u>	<u>\$ (18,935,888)</u>

*Continued*

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Year ended June 30, 2022**

	Quality Service Training	Total
Operating revenues:		
Charges for services	\$ -	\$ 86,978,397
Miscellaneous	-	163,177
Total operating revenues	-	87,141,574
Operating expenses:		
Personnel services	-	12,335,620
Contractual services	79,537	9,141,087
Materials and supplies	-	4,550,951
Administrative charges	-	12,218,053
Insurance	-	34,889,968
Provision for self-insured losses	-	11,949,372
Depreciation	-	1,513,016
Total operating expenses	79,537	86,598,067
Operating income (loss)	(79,537)	543,507
Nonoperating revenues (expenses):		
Net decrease in the fair value of investment	-	(1,123,156)
Investment earnings	-	430,481
Interest expense	-	(618,624)
Gain (loss) on disposal of capital assets	-	96,201
Total nonoperating revenues (expenses)	-	(1,215,098)
Income (loss) before transfers	(79,537)	(671,591)
Transfers in	-	9,326,000
Transfers out	-	(216,400)
Change in net position	(79,537)	8,438,009
Net position (deficit) - beginning	375,463	(49,105,970)
Net position (deficit) - ending	\$ 295,926	\$ (40,667,961)



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**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year ended June 30, 2022**

	Central Services	Building Maintenance
<b>Cash flows from operating activities:</b>		
Receipts from interfund services provided	\$ 489,169	\$ 4,625,263
Receipts from other operating sources	-	-
Payments to suppliers for goods and services	(261,183)	(2,760,498)
Payments for interfund services used	(177,588)	(715,910)
Payments to employees	(236,149)	(2,153,588)
Net cash provided (used) by operating activities	<u>(185,751)</u>	<u>(1,004,733)</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers in	426,000	2,500,000
Transfers out	-	-
Interest Paid	(2,910)	(42,398)
Receipt of interfund balances	(112,709)	-
Net cash provided (used) by noncapital financing activities	<u>310,381</u>	<u>2,457,602</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	-	-
Proceeds from sale of capital assets	-	-
Net cash provided (used) for capital and related financing activities	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Interest received	384	13,367
Decrease in the fair value of investment	-	-
Net cash provided by investing activities	<u>384</u>	<u>13,367</u>
Net increase (decrease) in cash and cash equivalents	125,014	1,466,236
Cash and cash equivalents - beginning	-	1,092,014
Cash and cash equivalents - ending	<u>\$ 125,014</u>	<u>\$ 2,558,250</u>
(Includes restricted cash and investments)		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (62,977)	\$ (1,008,585)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	6,064	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	-
Decrease (increase) in inventory of supplies	(1,453)	-
Decrease (increase) in deferred outflows from pension	(182,843)	(3,697,032)
Decrease (increase) in deferred outflows from OPEB	(7,222)	(40,177)
Increase (decrease) in accounts payable	1,863	26,512
Increase (decrease) in compensated absences payable	6,385	118,810
Increase (decrease) in pension obligation bonds payable	222,614	3,244,093
Increase (decrease) in claims payable	-	-
Increase (decrease) in net pension liability	(433,127)	(1,123,832)
Increase (decrease) in total OPEB liability	(5,432)	11,938
Increase (decrease) in deferred inflows from pension	251,837	1,402,562
Increase (decrease) in deferred inflows from OPEB	18,540	60,978
Net cash provided (used) by operating activities	<u>\$ (185,751)</u>	<u>\$ (1,004,733)</u>
<b>Noncash investing, capital, and financing activities:</b>		
Decrease in fair value of investments	<u>\$ -</u>	<u>\$ -</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
\$ 7,357,873	\$ 2,426,590	\$ 47,010,604	\$ 8,396,018	\$ 1,256,103	\$ 15,418,980
45,595	3,804	105,325	-	-	6,250
(797,660)	(2,478,296)	(48,353,898)	(4,819,797)	(382,656)	(5,293,065)
(1,552,557)	(353,095)	-	(648,521)	(996,561)	-
(2,977,892)	344,591	(5,808,453)	(3,082,028)	(37,244)	(8,608,869)
<u>2,075,359</u>	<u>(56,406)</u>	<u>(7,046,422)</u>	<u>(154,328)</u>	<u>(160,358)</u>	<u>1,523,296</u>
1,500,000	-	4,900,000	-	-	-
(3,605)	-	-	-	54,753	(212,795)
(45,781)	-	36,659	(53,659)	(530)	(142,959)
-	39,374	292,000	-	-	-
<u>1,450,614</u>	<u>39,374</u>	<u>5,228,659</u>	<u>(53,659)</u>	<u>54,223</u>	<u>(355,754)</u>
(934,062)	-	(1,053,573)	-	-	-
99,608	23,456	-	-	-	-
<u>(834,454)</u>	<u>23,456</u>	<u>(1,053,573)</u>	<u>-</u>	<u>-</u>	<u>-</u>
56,981	(6,424)	127,060	95,353	683	7,030
-	-	(1,096,624)	(26,532)	-	-
<u>56,981</u>	<u>(6,424)</u>	<u>(969,564)</u>	<u>68,821</u>	<u>683</u>	<u>7,030</u>
2,748,500	-	(3,840,900)	(139,166)	(105,452)	1,174,572
7,409,736	-	22,847,202	13,387,073	105,452	1,617,211
<u>\$ 10,158,236</u>	<u>\$ -</u>	<u>\$ 19,006,302</u>	<u>\$ 13,247,907</u>	<u>\$ -</u>	<u>\$ 2,791,783</u>
\$ 1,892,434	\$ (386,931)	\$ (4,005,125)	\$ 199,776	\$ (152,376)	\$ 4,146,828
917,706	-	-	557,885	6,403	24,958
-	-	(3,264,466)	-	-	-
5,294	238,423	-	-	-	-
(3,095,770)	(646,927)	(3,150,601)	(3,904,938)	(38,855)	(10,560,538)
(54,864)	(5,450)	(38,829)	(44,624)	(1,357)	(146,547)
766,646	145,537	563,706	76,073	(5,459)	(249,395)
46,674	(81,097)	(71,847)	54,000	-	(97,727)
3,502,969	486,254	3,403,887	4,105,848	40,625	10,938,560
-	-	1,186,202	-	-	-
(5,087,812)	(33,948)	(4,166,248)	(3,779,751)	(35,645)	(8,827,070)
16,302	6,935	11,537	13,259	403	43,544
3,082,512	212,526	2,426,433	2,500,420	23,844	6,028,270
83,268	8,272	58,929	67,724	2,059	222,413
<u>2,075,359</u>	<u>(56,406)</u>	<u>(7,046,422)</u>	<u>(154,328)</u>	<u>(160,358)</u>	<u>1,523,296</u>
\$ -	\$ -	\$ (1,096,624)	\$ (26,532)	\$ -	\$ -

Continued

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year ended June 30, 2022**

	Quality Service Training	Total
<b>Cash flows from operating activities:</b>		
Receipts from interfund services provided	\$ -	\$ 86,980,600
Receipts from other operating sources	-	160,974
Payments to suppliers for goods and services	(25,000)	(65,172,053)
Payments for interfund services used	-	(4,444,232)
Payments to employees	-	(22,559,632)
Net cash provided (used) by operating activities	<u>(25,000)</u>	<u>(5,034,343)</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers in	-	9,326,000
Transfers out	-	(161,647)
Payment of interfund balances	-	(251,578)
Receipt of interfund balances	-	218,665
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>9,131,440</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	-	(1,987,635)
Proceeds from sale of capital assets	-	123,064
Net cash provided (used) for capital and related financing activities	<u>-</u>	<u>(1,864,571)</u>
<b>Cash flows from investing activities:</b>		
Interest received	-	294,434
Decrease in the fair value of investment	-	(1,123,156)
Net cash provided by investing activities	<u>-</u>	<u>(828,722)</u>
Net increase (decrease) in cash and cash equivalents	(25,000)	1,403,804
Cash and cash equivalents - beginning	400,463	46,859,151
Cash and cash equivalents - ending (Includes restricted cash and investments)	<u>\$ 375,463</u>	<u>\$ 48,262,955</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (79,537)	\$ 543,507
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	-	1,513,016
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	(3,264,466)
Decrease (increase) in inventory of supplies	-	242,264
Decrease (increase) in deferred outflows from pension	-	(25,277,504)
Decrease (increase) in deferred outflows from OPEB	-	(339,070)
Increase (decrease) in accounts payable	54,537	1,380,020
Increase (decrease) in compensated absences payable	-	(24,802)
Increase (decrease) in Pension obligation bonds payable	-	25,944,850
Increase (decrease) in claims payable	-	1,186,202
Increase (decrease) in net pension liability	-	(23,487,433)
Increase (decrease) in total OPEB liability	-	98,486
Increase (decrease) in deferred inflows from pension	-	15,928,404
Increase (decrease) in deferred inflows from OPEB	-	522,183
Net cash provided (used) by operating activities	<u>\$ (25,000)</u>	<u>\$ (5,034,343)</u>
<b>Noncash investing, capital, and financing activities:</b>		
Decrease in fair value of investments	<u>\$ -</u>	<u>\$ (1,123,156)</u>

## Custodial Funds

Custodial Funds are used to account for assets held by the City as a custodian for individuals, private organizations, and other governmental units. Custodial Funds include the following:

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.

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

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

**Custodial Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2022**

	Treasurer's Trust	Transportation Corridor	Warner Industrial Community Assessment District	Total
<b>Assets</b>				
Cash and investments	\$ 3,242,828	\$ 23,483	\$ 282,189	\$ 3,548,500
Restricted assets:				
Cash & investments with fiscal agents	-	-	105,348	105,348
Receivables:				
Interest	569	-	-	569
Taxes	-	-	3,232	3,232
<b>Total assets</b>	<b>3,243,397</b>	<b>23,483</b>	<b>390,769</b>	<b>3,657,649</b>
<b>Liabilities</b>				
Accounts payable	260,156	-	-	260,156
Deposits payable	-	-	-	-
Due to governmental agencies	716,129	-	-	716,129
Due to bondholders	-	-	-	-
<b>Total liabilities</b>	<b>976,285</b>	<b>-</b>	<b>-</b>	<b>976,285</b>
<b>Net Position</b>	<b>\$ 2,267,112</b>	<b>\$ 23,483</b>	<b>\$ 390,769</b>	<b>\$ 2,681,364</b>

**Custodial Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**June 30, 2022**

	Treasurer's Trust	Transportation Corridor	Warner Industrial Community Assessment District	Total
<b><u>ADDITIONS</u></b>				
Property tax collections for bondholder	\$ -	\$ -	\$ 461,607	\$ 461,607
Investment earnings	-	-	5	5
Police seized assets	2,013,770	-	-	2,013,770
Miscellaneous	5,031	-	-	5,031
Commissary	1,136,530	-	-	1,136,530
Other taxes and fees for other agency	4,546,019	178,478	-	4,724,497
Total additions	\$ <u>7,701,350</u>	\$ <u>178,478</u>	\$ <u>461,612</u>	\$ <u>8,341,440</u>
<b><u>DEDUCTIONS</u></b>				
Administrative expense	\$ 2,792,112	\$ -	\$ -	\$ 2,792,112
Police seized assets	95,024	-	-	95,024
Bond payment	-	-	102,237	102,237
Payments to other agency	1,314,623	154,995	-	1,469,618
Commissary	1,299,038	-	-	1,299,038
Miscellaneous	4,634	-	-	4,634
Total deductions	\$ <u>5,505,431</u>	\$ <u>154,995</u>	\$ <u>102,237</u>	\$ <u>5,762,663</u>
Changes in net position	2,195,919	23,483	359,375	2,578,777
Net position - beginning	71,193	-	31,394	102,587
Net position - ending	\$ <u>2,267,112</u>	\$ <u>23,483</u>	\$ <u>390,769</u>	\$ <u>2,681,364</u>



CITY OF SANTA ANA, CALIFORNIA  
Annual  
Comprehensive Financial  
Report

CITY OF SANTA ANA, CALIFORNIA

# Statistical Section





# STATISTICAL SECTION

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

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

	Fiscal Year			
	2022	2021	2020	2019
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 941,901	\$ 909,573	\$ 881,919	\$ 877,188
Restricted	211,632	208,355	189,944	189,135
Unrestricted	(468,389)	(533,455)	(535,086)	(533,495)
Total governmental activities net position	<u>\$ 685,144</u>	<u>\$ 584,473</u>	<u>\$ 536,777</u>	<u>\$ 532,828</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 141,332	\$ 129,341	\$ 116,854	\$ 113,665
Restricted	2,454	1,857	2,216	2,507
Unrestricted	52,900	56,657	57,883	62,336
Total business-type activities net position	<u>\$ 196,686</u>	<u>\$ 187,855</u>	<u>\$ 176,953</u>	<u>\$ 178,508</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 1,083,233	\$ 1,038,914	\$ 998,773	\$ 990,853
Restricted	214,086	210,212	192,160	191,642
Unrestricted	(415,489)	(476,798)	(477,203)	(471,159)
Total primary government net position	<u>\$ 881,830</u>	<u>\$ 772,328</u>	<u>\$ 713,730</u>	<u>\$ 711,336</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 2013 - 2022 ACFRs

SCHEDULE 1

		Fiscal Year									
		2018	2017***	2016	2015	2014**	2013*				
\$	867,360	\$	842,333	\$	823,975	\$	807,136	\$	797,222	\$	800,141
	175,986		176,377		156,204		238,034		227,514		204,518
	(501,404)		(387,032)		(362,557)		(378,741)		71,741		54,989
\$	<u>541,942</u>	\$	<u>631,678</u>	\$	<u>617,622</u>	\$	<u>666,429</u>	\$	<u>1,096,477</u>	\$	<u>1,059,648</u>
\$	109,752	\$	101,972	\$	96,563	\$	94,756	\$	92,652	\$	90,055
	2,332		2,908		2,859		2,867		4,033		3,315
	33,072		41,547		38,804		33,018		53,819		44,636
\$	<u>145,156</u>	\$	<u>146,427</u>	\$	<u>138,226</u>	\$	<u>130,641</u>	\$	<u>150,504</u>	\$	<u>138,006</u>
\$	977,112	\$	944,305	\$	920,538	\$	901,892	\$	889,874	\$	890,196
	178,318		179,285		159,063		240,901		231,547		207,833
	(468,332)		(345,485)		(323,753)		(345,723)		125,560		99,625
\$	<u>687,098</u>	\$	<u>778,105</u>	\$	<u>755,848</u>	\$	<u>797,070</u>	\$	<u>1,246,981</u>	\$	<u>1,197,654</u>

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

	Fiscal Year				Page 1 of 6
	2022	2021	2020	2019	2018
<b>Expenses:</b>					
Governmental activities:					
General government (1)	\$ 54,389	\$ 81,384	\$ 62,108	\$ 24,444	\$ 23,916
Cultural recreation and community services (2)	39,785	38,088	33,409	33,961	36,666
Public safety (3) (5)	186,227	217,320	223,748	238,760	232,167
Developmental services (4)	63,285	59,440	48,657	45,089	43,308
Community development	98,486	84,729	59,293	55,312	55,119
Pass-through payments to districts and other agencies	-	-	-	-	-
Interest on long-term debt	15,215	5,247	5,517	6,334	6,627
Total governmental activities expenses	<u>\$ 457,387</u>	<u>\$ 486,208</u>	<u>\$ 432,732</u>	<u>\$ 403,900</u>	<u>\$ 397,803</u>
Business-type activities:					
Water	\$ 57,963	\$ 55,861	\$ 51,763	\$ 48,886	\$ 49,800
Parking	3,651	3,467	5,537	6,503	5,636
Sewer	6,748	6,915	7,120	6,347	5,588
Sanitation	3,537	5,194	4,651	6,596	7,082
Refuse collections	13,501	11,915	20,475	18,004	18,028
Transportation center	1,893	1,923	1,525	1,417	1,474
Federal clean water protection	3,134	3,179	3,071	2,766	2,816
Total business-type expenses	<u>90,427</u>	<u>88,454</u>	<u>94,142</u>	<u>90,519</u>	<u>90,424</u>
Total primary government expenses	<u>\$ 547,814</u>	<u>\$ 574,662</u>	<u>\$ 526,874</u>	<u>\$ 494,419</u>	<u>\$ 488,227</u>

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

1. Includes Human Resources, Finance, and Information Technology

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 2013 - 2022 ACFRs

SCHEDULE 2

Fiscal Year					Page 2 of 6
2017	2016	2015	2014	2013	
\$ 22,965	\$ 16,266	\$ 15,702	\$ 16,244	\$ 14,628	
30,689	26,252	27,408	30,613	26,994	
185,803	156,989	166,410	160,153	155,444	
44,831	29,369	30,548	28,567	30,526	
47,427	43,778	44,604	55,537	55,016	
-	-	-	-	915	
<u>6,944</u>	<u>7,208</u>	<u>7,576</u>	<u>8,080</u>	<u>7,027</u>	
\$ <u>338,659</u>	\$ <u>279,862</u>	\$ <u>292,248</u>	\$ <u>299,194</u>	\$ <u>290,550</u>	
\$ 45,040	\$ 41,947	\$ 45,217	\$ 44,912	\$ 44,528	
5,276	4,296	2,852	2,795	2,756	
4,916	4,685	4,627	4,761	4,351	
6,695	6,675	7,256	7,616	7,913	
16,853	16,463	15,946	15,948	16,122	
1,197	1,245	1,187	1,267	1,317	
2,373	2,878	2,033	2,125	1,780	
<u>82,350</u>	<u>78,189</u>	<u>79,118</u>	<u>79,424</u>	<u>78,766</u>	
\$ <u><u>421,009</u></u>	\$ <u><u>358,051</u></u>	\$ <u><u>371,366</u></u>	\$ <u><u>378,618</u></u>	\$ <u><u>369,317</u></u>	

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

	Fiscal Year					Page 3 of 6
	2022	2021	2020	2019	2018	
<b>Program revenues:</b>						
Governmental activities:						
Charges for services:						
General government (1)	\$ 8,770	\$ 8,171	\$ 6,932	\$ 10,715	\$ 7,575	
Cultural recreation and community services (2)	10,544	6,522	3,456	8,977	3,100	
Public safety (3) (5)	33,101	29,914	29,554	30,113	22,607	
Developmental services (4)	24,048	19,351	22,176	23,290	17,672	
Community development	1,996	874	1,149	1,110	854	
Operating grants and contributions	128,272	126,748	83,373	74,230	66,388	
Capital grants and contributions	32,200	35,492	19,595	32,156	44,259	
Total governmental activities program revenues	\$ 238,931	\$ 227,072	\$ 166,235	\$ 180,591	\$ 162,455	
Business-type activities:						
Charges for services:						
Water	\$ 66,661	\$ 64,045	\$ 57,062	\$ 56,227	\$ 55,560	
Parking	3,733	3,289	3,476	4,067	4,172	
Sewer	8,034	7,349	6,947	6,702	6,381	
Sanitation	5,801	5,746	5,784	6,978	7,020	
Refuse collections	13,361	13,211	21,590	21,634	19,480	
Transportation center	556	464	642	398	524	
Federal clean water protection	1,024	964	689	864	657	
Operating grants and contributions	125	197	210	194	419	
Capital grants and contributions	55	2,900	170	23,828	981	
Total business-type activities Program revenues	99,350	98,165	96,570	120,892	95,194	
Total primary government Program revenues	\$ 338,281	\$ 325,237	\$ 262,805	\$ 301,483	\$ 257,649	
Net (expense) revenue						
Governmental activities	(218,456)	(259,136)	(266,497)	(223,309)	(235,348)	
Business-type activities	8,923	9,711	2,428	30,373	4,770	
Total primary government net (expense) revenue	\$ (209,533)	\$ (249,425)	\$ (264,069)	\$ (192,936)	\$ (230,578)	

SCHEDULE 2

Fiscal Year					Page 4 of 6
2017	2016	2015	2014	2013	
\$ 5,379	\$ 4,584	\$ 5,267	\$ 4,307	\$ 4,322	
3,100	3,245	3,411	4,302	3,311	
22,596	23,370	22,962	25,498	25,652	
18,595	17,410	16,651	16,239	16,752	
1,168	1,721	3,268	5,433	1,447	
62,814	65,518	64,711	77,494	64,700	
<u>58,350</u>	<u>19,882</u>	<u>25,624</u>	<u>36,252</u>	<u>29,214</u>	
\$ 172,002	\$ 135,730	\$ 141,894	\$ 169,525	\$ 145,398	
\$ 51,657	\$ 48,289	\$ 45,812	\$ 52,856	\$ 51,339	
4,410	4,472	5,306	4,771	4,744	
5,620	5,125	4,756	5,017	4,939	
7,384	7,973	8,045	7,934	7,931	
18,985	18,230	17,270	17,062	16,650	
602	593	757	754	869	
1,725	365	2,862	2,868	2,740	
-	-	77	92	22	
-	-	-	-	-	
<u>90,383</u>	<u>85,047</u>	<u>84,885</u>	<u>91,354</u>	<u>89,234</u>	
\$ <u>262,385</u>	\$ <u>220,777</u>	\$ <u>226,779</u>	\$ <u>260,879</u>	\$ <u>234,632</u>	
(166,657)	(144,132)	(150,354)	(129,669)	(145,152)	
<u>8,033</u>	<u>6,858</u>	<u>5,767</u>	<u>11,930</u>	<u>10,468</u>	
\$ <u>(158,624)</u>	\$ <u>(137,274)</u>	\$ <u>(144,587)</u>	\$ <u>(117,739)</u>	\$ <u>(134,685)</u>	

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

	Fiscal Year				Page 5 of 6
	2022	2021	2020	2019	2018
<b>General revenues and other changes in net position</b>					
Governmental activities:					
Net program revenue (expense):					
General government (1)	\$ (37,392)	\$ (37,296)	\$ (54,506)	\$ (13,387)	\$ (15,498)
Cultural recreation and community services (2)	(24,836)	(26,144)	(23,896)	(18,762)	(23,304)
Public safety (3) (5)	(148,173)	(183,138)	(185,946)	(202,293)	(203,383)
Developmental services (4)	(2,660)	895	6,240	15,983	18,655
Community development	9,820	(8,206)	(2,872)	1,484	(5,191)
Pass-through payments to districts and other agencies	-	-	-	-	-
Interest on long-term debt	(15,215)	(5,247)	(5,517)	(6,334)	(6,627)
General revenues:					
Property taxes	92,740	88,054	85,935	81,619	76,616
Sales Taxes	-	-	-	-	-
Hotels visitors' taxes	7,495	4,350	7,740	9,415	9,246
Utility users taxes	24,844	22,651	21,710	22,656	23,943
Business taxes	39,536	34,918	25,435	18,815	14,903
Franchise taxes	12,311	11,833	9,171	8,278	8,339
Other taxes	1,707	1,400	1,199	1,219	1,263
Intergovernmental, unrestricted	152,346	133,452	109,455	67,955	48,572
Investment income	(8,107)	1,014	3,177	4,212	344
Other revenues	-	-	-	-	-
Transfers	(3,746)	(1,334)	6,625	25	-
Extraordinary gain	-	-	-	-	-
Total Governmental activities	<u>100,670</u>	<u>37,202</u>	<u>3,950</u>	<u>(9,115)</u>	<u>(52,122)</u>
Business-type activities:					
Water	8,753	8,184	5,299	7,341	5,760
Parking	81	(178)	(2,061)	(2,436)	(1,465)
Sewer	1,286	434	(173)	23,584	794
Sanitation	2,264	552	1,133	382	(62)
Refuse collections	(15)	1,493	1,326	3,824	1,871
Transportation center	(1,337)	(1,459)	(884)	(1,019)	(950)
Federal clean water protection	(2,110)	686	(2,212)	(1,302)	(1,178)
General revenues:					
Investment income (loss)	(3,837)	(144)	2,642	3,003	102
Transfers	3,746	1,334	(6,625)	(25)	-
Total business-type activities	<u>8,831</u>	<u>10,902</u>	<u>(1,555)</u>	<u>33,352</u>	<u>4,872</u>
Total primary government	<u>109,501</u>	<u>48,104</u>	<u>2,395</u>	<u>24,237</u>	<u>(47,250)</u>
<b>Changes in net position</b>					
Governmental activities	100,670	37,202	3,950	(9,115)	(52,122)
Business-type activities	8,831	10,902	(1,555)	33,352	4,872
Total primary government	<u>\$ 109,501</u>	<u>\$ 48,104</u>	<u>\$ 2,395</u>	<u>\$ 24,237</u>	<u>\$ (47,250)</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.



					Page 6 of 6
Fiscal Year					
2017	2016	2015	2014	2013	
\$ (16,528)	\$ (11,141)	\$ (9,710)	\$ (11,480)	\$ (8,544)	
(20,912)	(15,765)	(19,106)	(17,080)	(19,364)	
(155,869)	(125,726)	(134,780)	(122,434)	(116,788)	
31,293	8,255	18,944	30,426	14,699	
2,303	7,453	1,874	(1,021)	(7,213)	
-	-	-	-	(915)	
(6,944)	(7,208)	(7,576)	(8,080)	(7,027)	
72,572	67,902	72,750	66,098	62,347	
-	-	-	44,367	40,978	
9,768	8,882	8,983	8,519	7,490	
24,413	25,102	24,919	25,035	24,415	
13,774	12,384	11,343	11,201	10,671	
7,866	8,449	8,316	7,984	9,001	
1,371	1,520	997	1,169	962	
50,609	50,747	48,170	521	833	
302	2,452	1,265	1,598	(1,292)	
11	871	576	6	617	
27	168	56	-	-	
-	-	-	-	705	
<u>14,056</u>	<u>34,345</u>	<u>27,021</u>	<u>36,829</u>	<u>11,575</u>	
6,617	6,342	596	7,944	6,811	
(866)	176	2,453	1,976	1,988	
704	440	128	256	588	
689	1,298	789	318	18	
2,132	1,767	1,401	1,206	551	
(595)	(653)	(430)	(513)	(448)	
(647)	(2,512)	829	743	960	
194	895	361	568	(322)	
(27)	(167)	(56)	-	-	
<u>8,201</u>	<u>7,586</u>	<u>6,071</u>	<u>12,498</u>	<u>10,146</u>	
<u>22,257</u>	<u>41,931</u>	<u>33,092</u>	<u>49,327</u>	<u>21,721</u>	
14,056	34,345	27,021	36,829	11,575	
8,201	7,586	6,071	12,498	10,146	
\$ <u>22,257</u>	\$ <u>41,931</u>	\$ <u>33,092</u>	\$ <u>49,327</u>	\$ <u>21,721</u>	

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

	Fiscal Year		
	2022	2021	2020
<b>General Fund</b>			
Nonspendable	\$ -	\$ -	\$ -
Restricted	1,792	1,790	1,997
Assigned	55,406	26,559	21,457
Unassigned	113,530	105,374	73,970
Total General Fund	\$ 170,728	\$ 133,723	\$ 97,424
<b>All Other Governmental Funds</b>			
Nonspendable	\$ 265	\$ 267	\$ 13
Restricted	168,550	169,938	156,330
Unassigned:			
Special Revenue	(7,141)	(2,435)	(3,731)
Capital Projects	(10,150)	(9,655)	(4,728)
Total all other governmental funds	\$ 151,524	\$ 158,115	\$ 147,884

Source: City of Santa Ana 2013 - 2022 ACFRs

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

SCHEDULE 3

Fiscal Year						
2019	2018	2017	2016	2015	2014	2013
\$ -	\$ -	\$ 9	\$ -	\$ 3,434	\$ 3,357	\$ 3,267
2,081	7,620	2,160	1,455	955	-	-
10,695	5,378	9,928	27,077	21,562	5,404	5,424
62,636	56,363	62,456	48,395	45,891	45,298	30,688
<u>\$ 75,412</u>	<u>\$ 69,361</u>	<u>\$ 74,553</u>	<u>\$ 76,927</u>	<u>\$ 71,842</u>	<u>\$ 54,059</u>	<u>\$ 39,379</u>
\$ 20	\$ -	\$ 23	\$ 16	\$ 25,263	\$ 18,993	\$ 3,661
159,656	149,247	157,467	152,641	95,697	97,784	93,553
(2,652)	(789)	(3,287)	(921)	(1,618)	(806)	(630)
(1,631)	(3,703)	(2,034)	(888)	(686)	(1,721)	(936)
<u>\$ 155,393</u>	<u>\$ 144,755</u>	<u>\$ 152,169</u>	<u>\$ 150,848</u>	<u>\$ 118,656</u>	<u>\$ 114,250</u>	<u>\$ 95,648</u>

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

	Fiscal Year			
	2022	2021	2020	2019
<b>Revenues:</b>				
Taxes	\$ 180,519	\$ 165,424	\$ 151,598	\$ 142,812
License and permits	6,859	6,132	5,233	9,965
Intergovernmental	303,735	276,534	198,341	150,716
Charges for services	22,629	17,354	19,774	20,169
Fines and forfeits	6,471	5,125	5,917	5,651
Investment income	(15,816)	2,016	5,898	5,018
Cost recoveries	28,834	18,447	16,861	26,317
Rental income	19,473	18,628	17,272	17,269
Miscellaneous	2,916	4,707	1,798	3,208
Contributions from property owner- special assessments	-	-	-	-
Payment of bond proceeds from successor agency	-	-	-	-
Total revenues	<u>555,620</u>	<u>514,367</u>	<u>422,692</u>	<u>381,125</u>
<b>Expenditures:</b>				
General government (1)	185,109	74,452	56,737	19,758
Cultural recreation and community services (2)	36,962	33,172	29,114	28,327
Public safety (3) (5)	450,395	191,540	189,936	192,511
Developmental services (4)	46,136	45,984	29,446	24,657
Community development	105,287	81,915	57,820	51,989
Capital outlay	52,654	45,131	35,312	31,855
Debt service:				
Principal retirement	11,455	11,101	68,278	10,248
Interest and fiscal charges	8,568	4,241	4,975	5,334
Leases:				
Principal	1,110	-	-	-
Interest	418	-	-	-
Cost of issuance and other bond charges	-	-	-	-
Total expenditures	<u>898,094</u>	<u>487,536</u>	<u>471,618</u>	<u>364,679</u>
Excess (deficiency) of revenues over (under) expenditures	(342,474)	26,831	(48,926)	16,446
<b>Other Financing Sources (uses):</b>				
Loss on sale of land held for resale	-	-	-	-
Sales of capital assets	617	561	3,138	-
Transfers in	19,203	12,179	22,368	12,713
Transfers out	(32,059)	(13,293)	(15,525)	(12,470)
Lease agreement	1,625	9,404	-	-
Issuance of Debt	383,502	354	-	-
Payment to refunded bond escrow agent	-	-	8,798	-
Proceeds from issuance of bonds	-	-	44,650	-
Capital contribution	-	-	-	-
Total other financing sources (uses)	<u>372,888</u>	<u>9,205</u>	<u>63,429</u>	<u>243</u>
Net change in fund balance	<u>\$ 30,414</u>	<u>\$ 36,036</u>	<u>\$ 14,503</u>	<u>\$ 16,689</u>
Debt service as a percent of noncapital expenditures	2.3%	3.4%	16.7%	4.7%

Source: City of Santa Ana 2013 - 2022 ACFRs

1. Includes Human Resources, Finance, and Information Technology.

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.

STATISTICAL SECTION

SCHEDULE 4

Fiscal Year						
2018	2017	2016	2015	2014	2013	
\$ 134,812	\$ 131,308	\$ 125,255	\$ 127,913	\$ 164,855	\$ 156,008	
7,994	5,804	4,744	5,346	3,295	4,043	
145,520	145,682	129,823	129,108	95,367	88,411	
15,399	16,016	12,756	10,698	11,493	8,752	
5,713	5,096	5,450	5,937	7,010	6,935	
1,601	517	2,992	1,715	1,607	(396)	
14,353	-	-	-	-	-	
11,880	30,278	35,688	31,048	43,804	35,541	
5,627	947	-	-	-	-	
-	1,252	-	-	-	-	
-	2,515	-	-	-	-	
<u>342,899</u>	<u>339,415</u>	<u>316,708</u>	<u>311,765</u>	<u>327,431</u>	<u>299,294</u>	
18,477	18,999	15,261	14,369	13,264	12,494	
30,366	26,512	23,934	4,976	27,074	23,762	
180,276	171,486	162,047	154,975	151,703	150,723	
24,876	18,532	18,892	36,754	17,237	17,565	
52,073	48,928	42,827	44,150	58,337	55,359	
41,418	45,109	30,367	25,123	10,801	25,378	
9,787	9,181	8,242	7,872	11,513	6,865	
5,741	6,020	6,342	6,750	7,987	8,471	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	183	-	
<u>363,014</u>	<u>344,767</u>	<u>307,912</u>	<u>294,969</u>	<u>298,099</u>	<u>300,617</u>	
(20,115)	(5,352)	8,796	16,796	29,332	(1,323)	
-	-	(1,267)	-	-	-	
-	2,000	-	-	-	-	
11,763	11,645	17,826	14,975	12,496	11,826	
(11,551)	(11,398)	(17,624)	(14,793)	(12,186)	(11,115)	
-	-	-	4,256	-	-	
7,297	2,052	-	955	-	-	
-	-	-	-	(44,856)	-	
-	-	-	-	45,060	-	
-	-	-	-	3,437	-	
<u>7,509</u>	<u>4,299</u>	<u>(1,065)</u>	<u>5,393</u>	<u>3,951</u>	<u>711</u>	
<u>\$ (12,606)</u>	<u>\$ (1,053)</u>	<u>\$ 7,731</u>	<u>\$ 22,189</u>	<u>\$ 33,283</u>	<u>\$ (612)</u>	
4.9%	5.0%	5.3%	5.4%	6.8%	5.6%	

**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 <sup>2</sup>
	Secured	Unsecured	Less: Exemptions <sup>1</sup>			
2022	\$ 28,865,226	\$ 1,676,091	\$ (148,167)	\$ 30,393,150	-	
2021	27,590,592	1,489,607	(149,395)	28,930,804	-	
2020	26,373,249	1,570,712	(152,527)	27,791,434	-	
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	-	

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 <sup>1</sup>	Taxable Assessed Value	Total Direct Tax Rate <sup>2</sup>
\$	8,653,039	\$ 1,057,339	\$ (6,128)	\$ 9,704,251	1.1202
	8,181,829	994,473	(6,112)	9,170,189	1.1150
	7,818,215	986,961	(6,197)	8,798,980	1.1300
	7,356,533	941,861	(5,745)	8,292,649	1.1283
	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

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

	2022	2021	2020	2019
City direct rates:				
City basic rate	(1)	(1)	(1)	(1)
Redevelopment agency				
<b>Total City direct rate</b>	-	-	-	-
Overlapping Rates:				
Santa Ana Unified School				
District bonds	0.06976	0.06858	0.08127	0.07300
Rancho Santiago Community				
College District bonds	0.04691	0.04289	0.04520	0.05178
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350
County of Orange	1.00000	1.00000	1.00000	1.00000
<b>Total direct rate</b>	<u>1.12017</u>	<u>1.11497</u>	<u>1.12997</u>	<u>1.12828</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

2018	2017	2016	2015	2014	2013
(1)	(1)	(1)	(1)	(1)	(1)
-	-	-	-	-	-
0.05561	0.06327	0.06377	0.06604	0.06869	0.07749
0.04537	0.05088	0.04945	0.05039	0.05078	0.03241
0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<u>1.10448</u>	<u>1.11765</u>	<u>1.11672</u>	<u>1.11993</u>	<u>1.12297</u>	<u>1.11340</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
2022	\$ 43,017,260	\$ 42,119,561	97.9%	\$ 325,256	\$ 42,444,817	98.7%
2021	40,871,237	40,296,066	98.6%	299,950	40,596,016	99.3%
2020	39,363,777	38,776,771	98.5%	338,857	39,115,627	99.4%
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	36,218,770	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%

Source: County of Orange Auditor-Controller's Office



CITY OF SANTA ANA, CALIFORNIA  
Annual  
Comprehensive Financial  
Report

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

Category	Fiscal Year			
	2022	2021	2020	2019
General Retail	\$ 1,198,512	\$ 1,053,321	\$ 892,136	\$ 987,259
Food Products	899,763	748,869	749,169	811,103
Transportation	1,292,315	979,352	890,337	982,554
Construction	567,508	508,109	445,367	466,522
Business to Business	1,109,496	1,005,516	926,200	1,148,295
Miscellaneous <sup>1</sup>	50,144	41,171	29,665	38,693
<b>Total</b>	<b>\$ 5,117,739</b>	<b>\$ 4,336,338</b>	<b>\$ 3,932,874</b>	<b>\$ 4,434,427</b>

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

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**SCHEDULE 8**

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Fiscal Year						
<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
\$ 963,193	\$ 946,321	\$ 966,874	\$ 936,187	\$ 897,382	\$ 890,101	
805,433	761,998	733,732	688,882	644,269	612,531	
967,443	928,206	949,296	960,861	968,350	926,317	
524,397	524,692	528,337	487,685	461,968	416,051	
997,471	910,681	845,233	794,870	756,298	730,186	
46,764	53,777	46,086	42,054	58,492	45,012	
<u>\$ 4,304,699</u>	<u>\$ 4,125,674</u>	<u>\$ 4,069,557</u>	<u>\$ 3,910,538</u>	<u>\$ 3,786,760</u>	<u>\$ 3,620,197</u>	

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

Principal Property Tax Remitters	2022			2013		
	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	\$ 350,941,244	1	1.16%	\$ 222,707,045	1	1.10%
Bre OC Griffin LLC	235,692,568	2	0.78%			
RP Essex Skyline Holdings	149,097,236	3	0.49%	131,151,146	2	0.65%
First American Title	142,579,581	4	0.47%	122,561,371	3	0.61%
APG OCIC LLC	114,261,235	5	0.38%			
MDC COASTAL 13 LLC	113,575,000	6	0.37%			
Adagio 366 LLC	102,936,979	7	0.34%			
OKTOGON SANTA ANA LLC	102,098,808	8	0.34%			
Cadigan 1901 First LLC	100,974,719	9	0.34%			
Tustin Avenue Apts LLC	100,793,181	10	0.33%			
Realty Associates Fund				104,493,653	4	0.52%
AG LPC Griffin Towers LP	-		-	92,351,390	5	0.46%
Freedom Newspapers Inc.	-		-	81,214,095	6	0.40%
Lapco Industrial Parks	-		-	67,477,890	7	0.33%
Bel Santa Ana LLC	-		-	63,418,500	8	0.31%
Prime SCRC LP	-		-	62,799,666	9	0.31%
Birtcher Anderson Investors	-		-	61,867,180	10	0.31%
Total	\$ 1,512,950,551		5.00%	\$ 1,010,041,936		5.00%

*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  
Annual  
Comprehensive Financial  
Report

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

	Fiscal Year			
	2022	2021	2020	2019
Type of Customer				
Residential	7,012,001.8	7,299,518.8	6,928,365.0	7,004,926.5
Commercial	1,945,509.1	1,868,058.2	1,933,951.0	2,084,082.8
Industrial	655,057.3	653,152.1	599,309.6	620,519.9
Wholesale food	118,849.7	124,643.0	126,488.3	111,505.1
Government	257,119.8	260,122.2	200,024.2	212,388.6
Others <sup>1</sup>	497,282.4	470,696.2	407,120.7	478,703.5
Total	<u>10,485,820.1</u>	<u>10,676,190.5</u>	<u>10,195,258.7</u>	<u>10,512,126.5</u>
Total direct rate per 44 units <sup>2</sup>	\$ 2.310	\$ 2.170	\$ 3.090	\$ 3.020

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					
2018	2017	2016	2015	2014	2013
7,228,201.5	6,892,323.3	6,903,687.7	7,725,440.5	8,285,900.4	8,191,888.8
2,151,678.1	2,042,209.0	2,031,311.4	2,232,378.3	2,315,563.4	2,257,527.6
694,821.7	611,536.4	619,406.1	827,394.2	844,945.3	801,654.8
113,598.8	109,407.0	108,499.6	110,939.6	117,576.6	114,953.4
236,191.5	200,476.0	209,123.6	317,185.7	360,322.8	352,676.0
496,808.1	453,205.0	450,398.5	567,059.6	555,458.8	508,589.9
<u>10,921,299.7</u>	<u>10,309,156.7</u>	<u>10,322,426.9</u>	<u>11,780,397.8</u>	<u>12,479,767.4</u>	<u>12,227,290.5</u>
\$ 2.950	\$ 2.950	\$ 2.790	\$ 2.727	\$ 2.727	2.727

**Water Rates  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Monthly base Rate <sup>1</sup>	Rate per 44 Units <sup>2</sup>
2022	\$ 46.74	2.31
2021	43.88	2.17
2020	13.90	3.09
2019	13.90	3.02
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

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	2022		2013	
	Taxable Water Charges	Percentage of Total Water Revenues	Taxable Water Charges	Percentage of Total Water Revenues
Chroma Systems	\$ 614,349	0.92%	\$ 322,081	0.66%
Adohr Farms Inc.	548,849	0.83%	274,383	0.56%
Fairview Villas	256,354	0.39%	199,453	0.41%
Mac Arthur Village	126,283	0.19%	-	-
Power Circuits Inc.	269,183	0.40%	217,053	0.44%
Western Medical Center	194,338	0.29%	-	-
Far West Management Corp	112,027	0.17%	139,055	0.28%
County of Orange	194,219	0.29%	174,628	0.36%
DP Southwest Investors, LP	100,880	0.15%	-	0.00%
Warwick Square Assoc. Inc.	88,482	0.13%	144,487	0.29%
Town Square Owners	-	-	135,096	0.28%
County of Orange	-	-	144,769	0.30%
County of Orange	-	-	140,597	0.29%
<b>Total</b>	<b>\$ 2,504,963</b>	<b>3.76%</b>	<b>\$ 1,891,602</b>	<b>3.85%</b>

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

**Ratios of Outstanding Debt by Type<sup>1</sup>**  
**Last Ten Fiscal Years**  
**(Net of Bond Discount/Premium)**

Governmental Activities				
Fiscal Year Ended June 30	Leases	Refunding Revenue Bonds	Lease Revenue Bonds	Certificates of Participation
2022	\$ 9,779,554	\$ 46,911,400	\$ 8,427,500	\$ -
2021	11,488,671	48,694,480	12,272,500	-
2020	2,628,034	50,427,560	15,892,500	-
2019	3,020,229	-	19,300,000	55,257,535
2018	3,455,990	-	22,505,000	56,825,037
2017	3,999,230	-	25,522,500	58,317,539
2016	4,627,003	-	28,362,500	59,735,041
2015	4,255,657	-	31,035,000	61,082,543
2014	-	-	33,550,000	62,375,045
2013	166,487	-	71,778,997	72,032,547
Fiscal Year Ended June 30	Pension Obligation Bonds	Long Term Loans	Private Placement Financing	Direct Borrowings and Placements <sup>3</sup>
2022	\$ 409,452,604	\$ 1,518,692	\$ -	\$ 20,530,157
2021	-	1,901,664	-	24,188,635
2020	-	1,898,200	-	29,480,430
2019	-	1,120,874	-	34,537,993
2018	-	10,519,142	29,820,000	-
2017	-	3,750,566	33,835,000	-
2016	-	1,999,507	37,720,000	-
2015	-	2,136,062	41,475,000	-
2014	-	822,967	45,060,000	-
2013	-	352,396	-	-
Business-type Activities				
Fiscal Year Ended June 30	Revenue Bonds Payable	Refunding COP	Notes Payable	Pension Obligation Bonds
2022	\$ 12,012,868	\$ -	\$ -	\$ 16,253,254
2021	12,980,157	-	-	-
2020	13,912,446	-	-	-
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	-

SCHEDULE 13

Fiscal Year Ended June 30	Total		
	Total Primary Government	Percentage of Personal Income <sup>2</sup>	Debt Per Capita <sup>2</sup>
2022	\$ 524,886,029	0.20%	\$ 6,477
2021	111,526,107	0.05%	1,495
2020	114,239,170	0.05%	1,593
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

Source: City of Santa Ana 2013 - 2022 ACFRs

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			
	2022	2021	2020	2019
Assessed valuation	\$ 30,541,316,852	\$ 29,080,199,582	\$ 27,943,960,825	\$ 26,520,241,206
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	7,635,329,213	7,270,049,896	6,985,990,206	6,630,060,302
Debt limit percentage <sup>1</sup>	10%	10%	10%	10%
Debt limit	763,532,921	727,004,990	698,599,021	663,006,030
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	\$ <u>763,532,921</u>	\$ <u>727,004,990</u>	\$ <u>698,599,021</u>	\$ <u>663,006,030</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					
2018	2017	2016	2015	2014	2013
\$ 25,232,415,520	\$ 23,886,126,355	\$ 23,013,226,208	\$ 22,075,383,494	\$ 21,119,683,205	\$ 20,339,779,135
25%	25%	25%	25%	25%	25%
6,308,103,880	5,971,531,589	5,753,306,552	5,518,845,874	5,279,920,801	5,084,944,784
10%	10%	10%	10%	10%	10%
630,810,388	597,153,159	575,330,655	551,884,587	527,992,080	508,494,478
-	-	-	-	-	-
<u>\$ 630,810,388</u>	<u>\$ 597,153,159</u>	<u>\$ 575,330,655</u>	<u>\$ 551,884,587</u>	<u>\$ 527,992,080</u>	<u>\$ 508,494,478</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## Direct and Overlapping Debt Fiscal Year 2022

<u>City of Santa Ana</u>			
<b>2021-22 Assessed Valuation:</b>	<b>\$ 30,541,316,852</b>		
<u>Overlapping Tax and Assessment Debt:</u>	Total Debt 6/30/22	% Applicable (1)	City's Share of Debt 06/30/22
Metropolitan Water District	\$ 20,175,000	0.899%	\$ 181,373
Coast Community College District	945,799,424	0.240%	2,269,919
Rancho Santiago Community College District	196,772,727	31.090%	61,176,641
Rancho Santiago Community College District SFID No. 1	154,720,000	55.713%	86,199,154
Garden Grove Unified School District	532,420,000	11.690%	62,239,898
Orange Unified School District	277,865,000	3.081%	8,561,021
Santa Ana Unified School District	338,925,119	60.291%	204,341,343
Tustin Unified School District Facilities Improvement District No 2002-1	44,035,000	12.660%	5,574,831
Tustin Unified School District Facilities Improvement District No 2008-1	79,340,000	13.026%	10,334,828
Tustin Unified School District Facilities Improvement District No 2012-1	35,595,000	9.188%	3,270,469
City of Santa Ana 1915 Act Bonds	1,240,000	100.000%	1,240,000
<b>Total Overlapping Tax and Assessment Debt:</b>			<b>\$ 445,389,477</b>
<u>Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	\$ 376,780,000	4.481%	\$ 16,883,512
Orange County Pension Obligations Bonds	521,784,000	4.481%	23,381,141
Orange County Board of Education Certificates of Participation	11,620,000	4.481%	520,692
Coast Community College District General Fund Obligations	1,865,000	0.240%	4,476
Coast Community College District Pension Obligations Bonds	1,825,000	0.240%	4,380
Orange Unified School District Benefit Obligations	60,835,000	3.081%	1,874,326
Orange Unified School District Certificates of Participation	17,195,278	3.081%	529,787
Santa Ana Unified School District Certificates of Participation	50,389,370	60.291%	30,380,255
<b>Total Overlapping General Fund Debt</b>			<b>\$ 73,578,569</b>
<u>Direct Governmental Fund Debt (Net of Bond Discount/Premium):</u>			
City of Santa Ana Governmental Fund Obligations (2)			
Lease Obligations	\$ 9,779,554	100%	9,779,554
2019 Gas Tax Revenue Refunding Bonds	46,911,400	100%	46,911,400
Police Lase Revenue Bonds	8,427,500	100%	8,427,500
Pension Obligation Bonds	409,452,604	100%	409,452,604
Long-Term Loans & Other Payables	1,518,692	100%	1,518,692
Direct Borrowings, Loans, and Other Payables	20,530,157	100%	20,530,157
<b>Total Direct Governmental Fund Debt</b>			<b>\$ 496,619,907</b>
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	\$ 65,280,000	99.999%	\$ 65,279,347
<b>Total Direct Debt</b>			<b>\$ 496,619,907</b>
<b>Total Overlapping Debt</b>			<b>\$ 584,247,393</b>
<b>Combined Total Debt</b>			<b>\$ 1,080,867,300 (3)</b>

(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 \$39,245,000 Revenue Bonds supported by gas tax revenues.

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

### Ratios to 2021-22 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.46%
Total Direct Debt .....	1.63%
Combined Total Debt.....	3.54%

### Ratios to Redevelopment Incremental Valuation (\$8,434,080,114):

Total Overlapping Tax Increment Debt.....	0.77%
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Source: California Municipal Statistics, Inc. and City of Santa Ana



**Pledged-Revenue Coverage<sup>1</sup>**  
**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	
2022	\$ 66,661	\$ 54,308	\$ 12,353	820	530	9.15
2021	64,045	52,250	11,795	785	570	8.70
2020	57,062	48,415	8,647	745	609	6.39
2019	56,227	45,808	10,419	710	645	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

Source: City of Santa Ana 2013 - 2022 ACFRs

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)
2021	308,459	\$ 256,700,438	\$ 81,034	6.0%
2020	331,369	236,303,451	74,618	8.8%
2019	335,052	227,732,561	71,711	2.8%
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%

## 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

**Principal Employers  
Current and Nine Years Ago**

Employer	2022		2013	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
County of Orange*	18,266	11.82%	17,447	10.70%
Santa Ana Unified School District	5,225	3.38%	4,665	2.90%
Santa Ana College (includes Centennial and Rancho Santiago)*	3,521	2.28%	2,390	1.50%
KPC Healthcare formerly Integrated Healthcare Holdings, Inc. †	1,668	1.08%	1,932	1.20%
City of Santa Ana	1,482	0.96%	1,500	0.90%
First American Title	1,428	0.92%	1,215	0.70%
United States Postal Service (3 locations)	1,089	0.70%		
Superior Court of CA-County of Orange	812	0.53%		
Allied Universal	558	0.36%		
Johnson & Johnson (Prev: Abbott Medical Optics Inc. (AMO))	554	0.36%	750	0.50%
Corinthian Colleges Inc.			1,400	0.90%
Orange County Register (Freedom Communications)			1,100	0.70%
Ingram Micro			985	0.60%

*"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			
	2022	2021	2020	2019
General government (1)	160	176	219	219
Cultural recreation and community services (2)	239	217	392	392
Public safety (3) (5)	626	646	623	621
Developmental services (4)	377	373	278	278
Community development	65	57	62	62
Total	<u>1,467</u>	<u>1,469</u>	<u>1,574</u>	<u>1,572</u>

- 1. Includes Human Resources and Finance
- 2. Includes Library
- 3. Includes Police and Fire
- 4. Includes Planning and Building, and Public Works
- 5. As of April 2012, the City contracted with OCFA for fire services.

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

SCHEDULE 19

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

2018	2017	2016	2015	2014	2013
197	193	200	188	175	164
376	353	380	368	392	401
592	604	597	585	596	635
242	246	229	238	216	223
49	48	51	60	59	69
<u>1,456</u>	<u>1,444</u>	<u>1,457</u>	<u>1,439</u>	<u>1,438</u>	<u>1,492</u>

## Operating Indicators by Function Last Ten Fiscal Years

	2022	2021	2020
<b>Police:</b>			
Physical arrests	8,043	8,874	10,445
Parking citations issued	96,001	98,482	94,112
Traffic citations issued	9,668	10,083	9,378
Responses to 911 calls	169,890	175,534	159,530
<b>Fire:</b>			
Number of emergency calls-SAFD	-	-	-
Number of emergency calls-OCFA	29,340	27,493	27,335
Inspections-SAFD	N/A	N/A	N/A
Inspections-OCFA	3,290	3,260	3,163
<b>Public Works:</b>			
<b>Streets:</b>			
-Street resurfacing (miles) *	14	13	5
-Pot holes repaired **	1,787	1,638	1,687
<b>Refuse collected (tons/year)</b>			
-Goal: Max lbs refuse disposed/person	8	8	8
-Actual: lbs refuse disposed/person	7	5	5
<b>Water:</b>			
-New connections	119	12	92
-Water mains breaks	17	18	18
-Average daily consumption (thousands of gallons)	28,728	29,460	29,460
<b>Parks, recreation and community services:</b>			
Athletic field permits issued ***	-	-	-
Number of recreation classes (subjects) ***	131	197	2,002
Number of facility rentals ***	7,976	6,163	6,494
<b>Planning and Building:</b>			
Number of building permits issued	2,574	2,289	2,317
Number of plan checks	2,413	1,309	2,200
Number of inspections	32,229	24,706	26,147
Number of demolition building permits	69	49	58
<b>Value of construction (in thousands):</b>			
-Commercial and industrial construction	114,530	115,550	105,440,683
-Residential construction	172,598	235,840	68,426,047
-Other additions and alterations	78,248	25,232	149,549,354

\* 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**

2019	2018	2017	2016	2015	2014	2013
8,199	8,621	9,704	9,492	10,445	10,273	12,100
105,003	103,015	101,841	105,714	94,112	72,464	72,129
9,032	9,860	11,184	11,325	9,378	7,886	10,210
162,013	156,165	148,390	131,197	159,530	165,505	168,362
-	-	-	-	-	-	-
27,514	26,707	25,074	23,455	21,392	19,303	18,961
N/A	N/A	N/A	N/A	N/A	N/A	N/A
3,105	2,994	1,267	2,862	2,686	2,616	1,075
4	3	3	4	3	9	6
2,196	4,934	2,289	2,000	1,900	24,200	20,400
8	8	8	8	8	8	8
6	5	5	5	5	5	5
22	147	56	86	86	27	36
21	13	26	19	15	17	15
29,850	31,210	29,700	29,300	32,700	35,200	35,000
-	5,282	8,835	13,254	12,957	11,619	10,773
2,160	1,157	1,847	1,166	634	415	496
8,393	432	652	1,021	1,166	1,250	1,466
2,801	3,007	3,213	3,513	3,325	2,131	2,417
2,362	2,140	2,635	2,661	2,762	2,292	3,147
29,261	29,053	27,278	28,702	22,597	20,884	19,813
82	32	84	10	18	16	12
170,134	39,004	8,243	20,046	60,624	8,494	22,255
261,885	102,518	55,001	28,361	117,512	6,720	33,918
3,262	144,019	141,668	102,619	43,027	87,656	88,436

### Capital Assets Statistics by Function Last Ten Fiscal Years

	2022	2021	2020
<b>Police:</b>			
Stations	3	3	3
<b>Fire:</b>			
Fire stations	10	10	10
<b>Public Works:</b>			
Street (miles)	437	424	424
Streetlights *	12,219	12,183	12,178
Traffic Signals	305	304	303
<b>Parks, Recreation and community services</b>			
Number of parks	47	45	45
Number of libraries	2	2	2
Number of recreation facilities	18	18	18
Number of municipal swimming pools	5	5	5
Number of municipal tennis centers	2 WITH 25 COURTS	2 WITH 25 COURTS	2 WITH 25 COURTS
Number of miles of bike trails	13	13	13
<b>Water:</b>			
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	6,273	5,027	5,042
<b>Sewer:</b>			
Sewer mains (miles)	398	398	398

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

Source: City of Santa Ana



**SCHEDULE 21**

2019	2018	2017	2016	2015	2014	2013
4	4	4	4	2	2	3
10	10	10	10	10	10	10
422	422	422	422	422	422	422
12,015	3,515	2,909	2,871	2,861	1,872	1,822
303	303	299	297	297	297	297
44	44	44	44	44	44	41
2	2	2	2	2	2	2
18	18	17	17	18	18	18
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	13	13	13
480	480	480	480	480	480	480
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
5,008	5,002	4,955	4,899	4,844	4,826	4,815
398	390	390	390	390	390	390



CITY OF SANTA ANA, CALIFORNIA  
Annual  
Comprehensive Financial  
Report



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CALIFORNIA

# 2022 Annual Comprehensive Financial Report

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